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Electric & Natural Gas

Annual Conservation Plan

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Introduction

Avista Utilities' *Annual Conservation Plan* (*ACP*) is provided in alignment with RCW 19.285.040 and WAC 480-109-120(2), and in accordance with the requirements outlined in Order 01 in Dockets UE-250837 and UG-250838, through which the Commission approved Avista's 2026-2027 *Biennial Conservation Plan* (*BCP*), subject to conditions.[1]

The 2027 *ACP* outlines Avista's energy efficiency program offerings and describes how savings will be verified and reported for the upcoming program year. The plan is guided by two key principles: pursuing all cost-effective conservation opportunities through customer education and financial incentives for energy efficiency measures and implementing effective delivery strategies that maximize customer participation while ensuring equitable access to program benefits across customer segments. Avista employs a diverse portfolio of delivery mechanisms to achieve energy savings and expand customer participation. These mechanisms include prescriptive rebate programs and standard offers, customized site-specific analyses, midstream incentives, regional market transformation initiatives, direct install services, low-income weatherization programs administered through Community Action Agencies (CAAs), programs serving Named Communities, and multichannel communication and outreach strategies.

Avista's energy efficiency planning process begins with the biennial *Integrated Resource Plan (IRP)* and *Conservation Potential Assessment (CPA)*, which identify cost-effective conservation opportunities and establish the role of conservation in meeting future customer energy needs. These analyses inform the 2026-2027 *BCP*, which sets the company's two-year conservation strategy and savings targets. The 2027 *ACP* implements the second year of that strategy through specific programs, budgets, and activities designed to achieve the conservation savings identified in the *BCP*.

The *ACP* also reflects a planning process supported by meaningful and extensive engagement with Avista's Energy Efficiency Advisory Group (EEAG) and Equity Advisory Group (EAG). Avista consults with these groups multiple times throughout the year to obtain input and guidance on best practices for new programs and potential changes to existing programs and services. This engagement helps ensure that all customers – particularly those most vulnerable to pollution and climate change – have opportunities to participate in programs that reduce energy use.

The budget projections developed through Avista's biennial planning process and presented in the 2027 *ACP* are continuously monitored as part of the company's adaptive management of programs and related costs. Avista revises the conservation tariff rider funding within its Schedule 91 electric tariff annually, in accordance with WAC 480-109-130(2), with revisions to

[1] See Dockets UE-250837 (electric) and UG-230898 (natural gas), Order 01, Attachment A for the approved Conditions for Avista's 2026-2027 BCP.

the Schedule 191 natural gas tariff also completed on an annual basis if needed. These conservation cost recovery adjustments are intended to move account balances toward zero and maintain an appropriate collection rate to support Avista's energy efficiency programs.

Definitions

Table 1 below provides a list of definitions for select electric conservation terms used throughout Avista's 2027 *Annual Conservation Plan (ACP)*. These terms are specific to the conservation standards set forth within the Energy Independence Act (EIA) and affirmed through previous planning cycles.[2]

TABLE 1 – ELECTRIC CONSERVATION TERMS

Electric Conservation Terms	
EIA Target	All cost-effective conservation potential as required by RCW 19.285. Includes the pro-rata share from Avista's *Conservation Potential Assessment* (*CPA*), plus other programs/measures with confident savings omitted from the *CPA* subject to the EIA, such as distribution-level efficiency, pilots with uncertain savings, and additional portfolio buildout.
EIA Penalty Threshold	As approved by the Commission, which may rely on standard practice to set investor-owned utilities' conservation targets. For purposes of Avista's *Biennial Conservation Plan* (*BCP*), this is the EIA target without regional savings from the Northwest Energy Efficiency Alliance (NEEA).
Decoupling Penalty Threshold	Five percent of the EIA Target, as originally defined in Docket UE-140188, Order 05.
Total Local Biennium Target	EIA Penalty Threshold plus Decoupling Penalty Threshold.
Total Conservation Goal	EIA target plus Decoupling Penalty Threshold plus any additional targets identified by the utility outside of the EIA Target.

Note: Throughout this document, the symbol will be used to denote sections related to Electric Energy Efficiency programs.

Table 2 below provides a list of definitions for select natural gas conservation terms used throughout Avista's 2027 *ACP*. These terms are specific to the conservation standards set forth within RCW 80.28.380 and affirmed through previous planning cycles.[3]

TABLE 2 – NATURAL GAS CONSERVATION TERMS

Natural Gas Conservation Terms	
Two-Year Conservation Target	All cost-effective conservation potential as required by RCW 80.28.380. Includes the Pro-Rata Share from Avista's *CPA*, plus other programs/measures with confident savings omitted from the

[2] Last affirmed in Dockets UE-230897 and UG-230898, *Commission Staff Comments Regarding Electric and Natural Gas Utility Conservation Achievements Under RCW 19.285 and 80.28 and WAC 480-109 (2024-2025 Biennial Conservation Reports)*; July 31, 2026, pgs. 2-4.
[3] See Dockets UG-210827 and UG-230898.

	CPA, such as distribution-level efficiency, pilots with uncertain savings, and additional portfolio buildout.
Decoupling Commitment	Five percent of the Two-Year Conservation Target, as established in Dockets UE-140188 and UG-140189, Order No. 05, with incremental penalties established in Dockets UE-190334, UG-190335, and UE-190222 (consolidated), Order No. 09.
Total Local Biennium Target	Two-Year Conservation Target plus Decoupling Commitment.
Total Conservation Goal	Two-Year Conservation Target plus Decoupling Commitment plus any additional targets identified by the utility.

Note: Throughout this document, the symbol will be used to denote sections related to Natural Gas Energy Efficiency programs.

Executive Summary

The 2027 *Annual Conservation Plan* (*ACP*) provides details on programs and initiatives Avista intends to offer to customers to achieve eligible acquisition savings as it enters the second year of the 2026-2027 biennium.

Electric Portfolio

For 2027, the company has identified approximately 40,859 megawatt-hours (MWh) in estimated electric conservation savings from local efforts as well as 8,481 MWh from regionally acquired savings through the Northwest Energy Efficiency Alliance (NEEA),[4] combining for a total estimated savings of 49,340 MWh. To accomplish these savings, the company anticipates approximately $24 million in expenditures. This amount includes a budget of $2 million for programs specifically designed to serve Named Communities,[5] as well as over $1.7 million for low-income programs. Additionally, the company estimates spending approximately $1.1 million on pilot programs and nearly $1.5 million to fund NEEA regional market transformation efforts.

Commercial and industrial programs are expected to provide 33,156 MWh in savings in 2027, making this sector the primary source of electric savings. The Site-Specific Program, at approximately 16,600 MWh, will be an especially important contributor to this segment. As part of the company's adaptive management of this program, Avista plans to remove the program's 15-year simple payback ceiling while continuing to evaluate projects for cost-effectiveness, helping expand the pipeline of eligible custom projects. Lower anticipated incentive costs are expected to allow Site-Specific to deliver savings comparable to 2026 with approximately $1.5 million less incentive funding. Small Business Direct Install Lighting, forecast at approximately 7,202 MWh, and Commercial Prescriptive Lighting, forecast at approximately 6,922 MWh, will also be major contributors. Additional strategies to improve program performance and customer throughput include redesigning the Business Partner Program, better coordinating Pay for Performance with Account Executives, adjusting selected lighting incentives, and continuing to use trade allies, direct-install services, and third-party implementers.

Residential programs are expected to contribute 7,355 MWh towards Avista's savings goals for 2027. Residential Midstream, forecast at approximately 4,853 MWh, will be the largest residential electric resource and is expected to produce greater savings with more efficient spending. Home Energy Reports (HERs), forecast at approximately 1,992 MWh, will remain an important behavioral resource, although savings for 2027 have been adjusted downward based on 2026 performance. Home Insulation funding and savings have also been right-sized, while Avista will evaluate additional midstream opportunities for heat pumps and variable refrigerant

[4] To achieve consistency with other Washington investor-owned utilities, Avista has included "Program Measures" and savings from "Codes & Standards Measures."
[5] Funded through Avista's Named Communities Investment Fund (NCIF), as described within the 2021-2024 CEIP and incorporated within the company's tariff Schedule 90, Electric Energy Efficiency Programs.

flow systems.

Table 3 provides the estimated conservation achievement (in MWh) and anticipated expenses for each market sector in Avista's electric program portfolio, as well as estimated expenses for Evaluation, Measurement, and Verification (EM&V).

TABLE 3 – 2027 PLANNED PORTFOLIO SAVINGS AND BUDGET BY SECTOR – ELECTRIC

Program	MWh	Budget
Low Income	348	$1,765,715
Named Communities Investment Fund	-	$2,000,000
Residential	7,355	$1,928,512
Commercial/Industrial	33,156	$7,533,620
Pilot Programs	-	$1,114,822
NEEA	8,481	$1,539,138
Third Party Implementation	-	$2,323,790
Labor, Marketing, General Implementation	-	$5,063,221
Outreach	-	$132,750
EM&V/CPA	-	$704,899
Total	**49,340**	**$24,106,467**

Natural Gas Portfolio

For natural gas, Avista has identified approximately 767,890 therms in estimated conservation savings from local efforts as well as 7,200 therms from regionally acquired savings through NEEA,[6] combining for a total estimated savings of 775,090 therms. To accomplish these savings, the company anticipates approximately $12 million in expenses. This amount includes a budget of over $3.3 million for low-income programs, more than $1 million for offerings specifically designed to serve Named Communities,[7] approximately $800,000 toward pilot programs, and nearly $550,000 to fund NEEA regional market transformation efforts.

Residential programs are expected to provide 439,483 therms, making them the largest source of natural gas savings. Key contributors include Residential Midstream, forecast at approximately 214,900 therms; Residential Windows and Doors, forecast at approximately 116,400 therms; and HERs, forecast at approximately 95,850 therms. Nearly $2 million in additional funding is planned for Windows and Doors following stronger-than-expected adoption in 2026. Continued use of midstream incentives, point-of-sale delivery, targeted marketing, and trade ally and distributor engagement will be critical to sustaining participation.

[6] To achieve consistency with other Washington investor-owned utilities, Avista has included "Program Measures" and savings from "Codes & Standards Measures."
[7] See Docket UG-260417.

Commercial and industrial programs are expected to contribute 310,607 therms in 2027. The Site-Specific Program, forecast at approximately 259,700 therms, will be the primary commercial natural gas resource. As with its electric program counterpart, removing the simple payback ceiling, maintaining flexible customized project analysis, and strengthening engagement through Account Executives (AEs) and trade allies will be important to developing and completing larger projects.

Table 4 provides the estimated conservation achievement (in therms) and anticipated expenses for each market sector in Avista's program portfolio, as well as estimated expenses for EM&V.

TABLE 4 – 2027 PLANNED PORTFOLIO SAVINGS AND BUDGET BY SECTOR – NATURAL GAS

Program	Therms	Budget
Low Income	17,800	$3,372,044
Residential	439,483	$4,912,809
Commercial/Industrial	310,607	$558,699
Pilot Programs	-	$802,500
NEEA	7,200	$551,691
Third Party Implementation	-	$1,145,713
Labor, Marketing, General Implementation	-	$551,672
Outreach	-	$14,000
EM&V/CPA	-	$78,322
Total	**775,090**	**$11,987,449**

2027 Conservation Strategy

As Avista enters the second year of its biennial period, its energy efficiency programs remain well positioned to achieve the conservation target identified through the *Conservation Potential Assessment* (*CPA*) process. Customers continue to face market challenges, including high up-front equipment costs, affordability concerns, competing financial priorities, and workforce constraints. Nevertheless, Avista is confident that its planned program offerings will provide customers with a broad and adaptable range of energy efficiency opportunities throughout 2027. Table 5 below summarizes planned 2027 electric and natural gas savings and their expected contribution toward the respective biennial conservation targets.

TABLE 5 – 2027 PLANNED PORTFOLIO SAVINGS COMPARED TO 2026-2027 BIENNIAL TARGETS

Biennial Targets	Target	2027 Planned Savings	% of Target
Total Local Biennium Target	77,356 MWh	49,340 MWh	64%
Total Two-Year Natural Gas Target	1,629,873 Therms	775,090 Therms	48%

The Company continues to offer options that address customers' evolving energy needs while prioritizing affordability, particularly for customers in Named Communities. In 2027, Avista will also enter the second year of its 2026–2029 Clean Energy Implementation Plan (CEIP) period.[8] During this time, the energy efficiency team will continue to develop and implement solutions that extend clean energy benefits to Named Communities throughout Avista's service territory and promote equitable outcomes for all customers.

Avista's broader implementation strategy will rely on the "Power of Change" campaign, targeted and multichannel outreach, AEs, trade allies, distributors, community partners, midstream incentives, point-of-sale delivery, and third-party implementers. Continued participation in NEEA market transformation initiatives will provide regional savings and support emerging technologies. Pilots will be used to test new delivery approaches and technologies, while independent EM&V will confirm savings and inform adaptive program management.

Cost-effectiveness remains a key indicator of Avista's energy efficiency portfolio performance. While Avista pursues all cost-effective measures, the company also retains flexibility in its program design so that meaningful energy efficiency can be attained by all customers. Avista's energy efficiency program portfolio includes a segment of programs tailored to serve the unique energy needs of income-qualified customers, as well as customers who are members of Named Communities. Avista's methodology for evaluating cost-effectiveness of its energy efficiency programs is further detailed in Appendix B, and the cost-effectiveness by program for 2027 is outlined in Appendix C.

Tables 6 and 7 summarize the portfolio cost-effectiveness for each sector.

TABLE 6 – PORTFOLIO COST-EFFECTIVENESS BY SECTOR- ELECTRIC

	Low -Income/ Named Communities	Residential	Commercial/ Industrial	Total
Total Resource Cost	0.98	3.92	3.51	**3.17**
Utility Cost Test	0.59	4.49	4.42	**3.66**

TABLE 7 – PORTFOLIO COST-EFFECTIVENESS BY SECTOR- NATURAL GAS

	Low -Income	Residential	Commercial/ Industrial	Total
Total Resource Cost	0.36	2.02	2.25	**1.54**
Utility Cost Test	0.15	1.40	4.44	**1.34**

Tables 8 and 9 outline the biennial conservation targets, by category, as approved by the Commission, for this biennium.[9]

[8] See Docket UE-250746.

[9] See Docket UE-250837, Order 01 and associated Attachment A, for the Commission-approved electric targets for Avista's 2026-2027 biennium, and Docket U UG-250838, Order 01 and associated Attachment A for the natural gas targets.

TABLE 8 – 2026-2027 BIENNIAL CONSERVATION TARGET – ELECTRIC

2026-2027 Biennial Conservation Target (MWh)	
EIA Target	**73,672**
Distribution Efficiency	500
Decoupling Penalty Threshold	3,684
Total Conservation Goal	**77,856**
Excluded Programs (NEEA)	14,892
Total Local Biennium Target	**77,356**
EIA Penalty Threshold	**58,780**

TABLE 9 – 2026-2027 BIENNIAL CONSERVATION TARGET – NATURAL GAS

2026-2027 Biennial Conservation Target (Therms)	
CPA Two-Year Conservation Target	1,552,260
Decoupling Commitment	77,613
Total Two-Year Natural Gas Savings Goal	**1,629,873**

The level of conservation estimated to be achieved in 2027 will have a direct impact on the balances within the energy efficiency tariff riders, Schedules 91 and 191. While no rate adjustments were warranted for Avista's electric Schedule 91 in 2026,[10] the company filed a rate increase for, and received approval of, its natural gas Schedule 191[11] to remedy an existing underfunded balance as well as appropriately and adequately meet the anticipated costs of achieving the savings targets outlined in this 2027 *ACP* and associated 2026-2027 *Biennial Conservation Plan* (*BCP*). Tariff rider balance estimates for 2027 are shown in Table 10 below.

TABLE 10 – 2027 TARIFF RIDER BALANCE ESTIMATES

	Electric (Underfunded) / Overfunded	Natural Gas (Underfunded) / Overfunded
Estimated Balance at January 1, 2027	$(8,807,644)	$(6,675,939)
Tariff Rider Funding	$35,181,165	$19,564,167
Annual Expenditures	$24,106,467	$11,987,449
Estimated Balance at December 31, 2027	**$2,267,054**	**$900,779**

The 2027 electric budget is expected to be approximately $1.83 million lower than the 2026 *ACP*. Avista's electric portfolio is anticipated to achieve spending efficiencies while maintaining

[10]See Docket UE-260299 for Avista's request for exemption from WAC 480-109-130 and Condition 12(d) of Attachment A in Order 01 in Docket No. UE-230897.
[11] See Docket UG-260438.

strong savings performance. Residential Midstream is projected to deliver higher savings with more efficient spending, while Home Insulation funding and planned savings have been right-sized based on 2026 performance. HERs savings have also been adjusted downward to reflect lower-than-expected 2026 results. For Commercial/Industrial programs, Avista anticipates savings comparable to 2026 with lower overall incentive spending. Site Specific incentive funding is expected to decrease by approximately $1.5 million as projects become more cost-effective, allowing the program to achieve similar savings at a lower cost.

The 2027 natural gas budget is approximately $3.05 million higher than the 2026 *ACP*. Avista plans to increase natural gas portfolio spending to expand participation and respond to customer demand. Low-Income program funding will increase by approximately $500,000 to reach more customers in need. Most of the remaining increase will support incentive payments for Residential programs, including nearly $2 million in additional funding for Residential Windows and Doors to accommodate adoption rates that exceeded expectations in 2026. The company will continue to track and monitor its tariff schedule balances for both portfolios, notifying its Energy Efficiency Advisory Group (EEAG) in the event of any significant deviations in the amount of actual spend compared to estimates.[12]

Meeting the 2027 goals will require active management of affordability pressures, high equipment costs, contractor and workforce capacity, customer demand, technology performance, and the timing of capital investments. Avista will need to shift incentives and funding toward the strongest-performing opportunities while maintaining overall portfolio cost-effectiveness. Close monitoring of program performance, tariff rider balances, third-party contracts, customer participation, and emerging market conditions will be critical to keeping both portfolios on track and achieving the 2027 energy saving goals.

[12] See Docket UE-250837, Order 01, Attachment A, Condition 3(d) and Docket UG-250838, Order 01, Attachment A, Condition 6(g).

Advisory Group Engagement

Avista's advisory groups provide an important forum for interested parties to help shape decisions affecting customers, infrastructure, and long-term planning. Through ongoing engagement and collaboration, these groups advance transparency, equity, and effective outcomes across key focus areas such as bill assistance, energy efficiency, integrated resource planning, clean energy transformation, and distribution system planning. Avista proactively engaged its Energy Efficiency Advisory Group (EEAG) throughout the development of the 2027 *Annual Conservation Plan* (*ACP*). As reflected by the numerous references throughout this *ACP*, their continued engagement will play a vital role in the adaptive management of Avista's programs and processes during 2027.

Examples of EEAG collaborations relevant to the 2027 *ACP* include:

- May 19, 2026: Introduced and solicited feedback regarding the development of 1) the "Deepest Need" concept and potential methodologies for identifying these customers and communities, as discussed later in this *ACP*; and 2) Climate Commitment Act (CCA)-funded natural gas pilot programs.[13]
- August 18, 2026: Provided updates on the 2027 *Integrated Resource Plan* (*IRP*) energy efficiency draft forecast; discussed implementation of CCA-funded natural gas pilot programs; and reviewed the timeline for development of the 2027 *ACP*.
- October 1, 2026: Provided an electronic draft of the 2027 *ACP* in accordance with WAC 480-109-110(3).
- October 20, 2026: Discussed the draft methodology for identifying Deepest Need Customers and Communities; reviewed suggested edits and feedback received on the draft 2027 *ACP*; and provided program-specific updates and discussed changes applicable to 2027, including Demand Response (DR) and Pilot Programs.

The EEAG will continue to provide collaborative advisement for Avista's conservation activities throughout 2027, consistent with WAC 480-109-110 and the consultation requirements contained in the 2026–2027 *Biennial Conservation Plan* (*BCP*) Conditions.[14] Five meetings are planned for March, May, June, August, and October 2027, providing regular opportunities for consultation and supporting the EEAG's ongoing role in adaptive management, program refinement, and timely review of key planning and reporting milestones. Specific areas of discussion will include several of Commission Staff's recommendations from the prior *Biennial Conservation Report* (*BCR*) cycle,[15] including customer participation trends and unrealized conservation opportunities among nonparticipants; continued consideration of equity metrics and the use of Deepest Need identifiers to inform program targeting, as discussed further in

[13] See Docket UG-260417.
[14] See Docket UE-250837, Order 01, Attachment A, and Docket UG-250838, Order 01, Attachment A.
[15] See Dockets UE-230892, UG-230893, UE-230897, UG-230898, UE-230904, UG-230937, and UG-230944, *Staff Comments on 2024-2025 Electric and Gas Biennial Conservation Reports*, pgs. 5-6 and 12-13.

the *Identifying Deepest Need* section of this *ACP*; and any future statewide discussions regarding accessible conservation financing opportunities beyond the Avista's existing On-Bill Repayment (OBR) offering. Additionally, the EEAG will ensure strengthened coordination with its Equity Advisory Group (EAG) by inviting members to join in conservation discussions where its goals and objectives overlap.

Clean Energy Transformation Act

Avista continues to engage its Equity Advisory Group (EAG), Energy Efficiency Advisory Group (EEAG), and Energy Assistance Advisory Group (EAAG) for input and guidance on the Company's energy efficiency activities related to the Clean Energy Transformation Act (CETA). These groups advise Avista on established and emerging outreach practices and help prioritize funding for community-based projects. This engagement supports Avista's ongoing efforts to equitably extend the energy and non-energy benefits and reduction of burdens of clean energy to all customers, particularly members of Named Communities.

Avista continues to use CETA data – including estimated energy burdens for customers in Named Communities throughout the Company's service territory – to inform program design and outreach strategies. Additional information about the programs Avista is designing and implementing for Named Communities is provided in the *Named Communities Investment Fund* section of this plan.

Clean Energy Implementation Plan (CEIP)

Avista's most recent CEIP, filed October 1, 2025, and conditionally approved on March 11, 2026,[16] is a four-year action plan required by CETA. It translates the long-term resource strategy from Avista's *Integrated Resource Plan* (*IRP*) and Clean Energy Action Plan (CEAP) into measurable interim targets, specific actions, Customer Benefit Indicators (CBIs), and customer investments for the 2026–2029 implementation period. This 2025 CEIP also explains how Avista will progress toward carbon-neutral electricity by 2030 and a 100% renewable or non-emitting electricity supply by 2045 while maintaining reliable service, engaging customers and communities, and ensuring that the benefits and burdens of the clean energy transition are distributed equitably, particularly within Named Communities.

For energy efficiency, the 2025 CEIP commits Avista to continuing the measures and programs identified in the company's 2025 *Conservation Potential Assessment* (*CPA*) as well as pursuing additional cost-effective measures and programs identified through the forthcoming 2027 *CPA*. Together, these actions are intended to achieve 155,712 MWh of cumulative energy savings by 2029.[17] To accomplish these savings, Avista will implement various energy efficiency offerings including residential rebates and midstream incentives, home energy audits and reports, insulation improvements, commercial and industrial site-specific and prescriptive upgrades, small-business direct-install services, building operator training, and low-income weatherization.

Throughout the 2026-2029 implementation period, Avista will continue to offer funding through its Named Communities Investment Fund (NCIF), which allocates up to $5 million annually to

[16] See Docket UE-250746.
[17] This MWh total is in alignment with Avista's 2025 CEIP Condition 3 as required per Order 01 Docket UE-250746.

projects that directly benefit customers in Named Communities. Of this amount, $2 million is funded through the energy efficiency tariff rider and $3 million is allocated through Avista's CETA tariff rider, Schedule 64, and designated for community-based projects. NCIF-funded projects may include HVAC replacements, building shell improvements, and lighting upgrades that might otherwise be unaffordable for organizations requiring facility improvements. Additional investments are planned for several low-income housing complexes, community centers, homeless centers, and Tribal facilities. Avista also leverages the NCIF to provide low-cost or no-cost residential efficiency measures in Named Communities, helping reduce the energy burden for residents of these homes.

The CEIP measures energy efficiency benefits through three CBIs: Participation in Company Programs, which tracks participation in Avista programs; Investment in Named Communities, which measures the extent to which program spending and benefits are directed to highly impacted communities and vulnerable populations; and Energy Burden, which evaluates whether energy efficiency and related assistance help reduce the share of household income spent on energy. Collectively, these indicators connect energy savings with customer access, equitable investment, and affordability, allowing Avista and regulators to assess not only how much energy is saved, but also who benefits from those savings.

Avista will continue to track progress on CBIs for CETA achievements in 2027. Table 11 below provides the forecasted costs and benefits of specific energy efficiency targets for the 2026-2027 biennium, as provided within the company's 2026-2029 CEIP and 2026 *Annual Conservation Plan* (*ACP*).

TABLE 11 – FORECASTED COSTS & BENEFITS OF SPECIFIC ENERGY EFFICIENCY TARGETS

Target	Estimated Cost	Benefit Population	Benefit Type	Benefit Measurement
2026-2027: 77,856 MWh	$52,000,000	All Customers	Energy	CBI: Participation in Company Programs
				CBI: Investments in Named Communities
				CBI: Energy Burden
			Non-energy	NEI: $/kWh per applicable measure
2028-2029: 77,856 MWh	$53,500,000[18]	All Customers	Energy	CBI: Participation in Company Programs
				CBI: Investments in Named Communities
				CBI: Energy Burden
			Non-energy	NEI: $/kWh per applicable measure

[18] Estimated based on the 2026-2027 forecast with a 3% inflation adder; actual will depend on customer throughput.

Identifying Deepest Need

As a condition of Avista's 2025 CEIP approval,[19] Avista is required to work with interested persons and its advisory groups to identify the customer characteristics and communities experiencing the deepest levels of need within its broader Named Communities. Avista is also required to establish a minimum share of energy benefits, including non-energy benefits where applicable, for this subset of customers experiencing deepest need, and to identify new or modified actions to equitably distribute benefits and reduce burdens for these customers.

Throughout 2026, Avista worked to develop a draft methodology to identify customers and communities experiencing the deepest levels of energy-related need. The resulting methodology ultimately established by the company, in consultation with its applicable advisory groups and third-party contractor, Empower Dataworks, prioritizes three foundational needs: safety, energy security, and affordability. Seven customer-level metrics were established to identify these needs: health risk, wildfire risk, disconnection for nonpayment, outage risk, severe energy burden, high energy use, and recurring arrearages. A customer meeting one or more of these criteria is designated as a Deepest Need Customer, while any census tract in which more than 20 percent of customers meet one or more of the criteria is designated as a Deepest Need Community.

Applying the draft methodology to 2025 data identified 38,894 Deepest Need Customers, representing approximately 16 percent of Avista's Washington electric service area, and 29 Deepest Need Communities among the 138 census tracts evaluated. Of the 29 Deepest Need Communities, 28 were already designated as Named Communities. These results demonstrate that the methodology generally identifies a more focused subset of the broader Named Community population, while also identifying customers with significant needs who reside outside of designated Named Communities. Importantly, designation as a Deepest Need Customer or Community is intended to help guide the equitable distribution of benefits without limiting or excluding customer access to Avista programs.

Development of the draft methodology included consultation with Avista's EAG, EEAG, and EAAG from April through December 2026. Avista also convened a Deepest Need Subcommittee composed of volunteers from the three advisory groups, which met primarily from May through September 2026. Going forward, Avista intends to continue engaging interested persons and its advisory groups as the methodology is refined and incorporated into future clean energy planning. This ongoing engagement will inform the development of specific actions and minimum benefit designations for Deepest Need Customers and Communities in the 2027 Biennial CEIP Update, while preserving the flexibility to enhance the methodology and underlying data sources as improved or additional information becomes available.

[19] See Docket UE-250746, Order 01.

Demand Response

In addition to Avista's savings targets planned within the company's energy efficiency work, the CEIP also establishes demand response (DR) as a distinct clean energy resource alongside renewable energy and energy efficiency. Avista's DR target is to achieve 55 MW of cumulative load reduction during a single peak hour by 2029. This target supports clean energy and system reliability objectives by using customer load flexibility to reduce peak demand and lessen reliance on additional generation resources.

To meet this target, Avista plans to continue its existing 30 MW industrial DR contract and pursue additional cost-effective DR resources identified through the 2025 All-Source Request for Proposal (RFP). Resources selected through the procurement process are expected to supply the additional capacity needed to support the 55 MW target.

The CEIP also identifies supporting initiatives that can expand customer participation and improve load flexibility, including a Time-of-Use (TOU) Pilot, a Peak-Time Rebate (PTR) Pilot, commercial electric vehicle TOU rates, and participation in the Northwest Energy Efficiency Alliance's (NEEA) End-Use Load Flexibility Project. These initiatives are designed to encourage customers to shift electricity use away from peak periods and provide Avista with additional tools for managing system demand.

The CEIP does not identify CBIs that apply exclusively to DR; however, DR activities contribute to the plan's broader customer benefit and equity objectives. DR differs from energy efficiency in that it shifts or reduces electricity use during peak periods, measured in megawatts, while energy efficiency produces ongoing reductions in overall energy consumption, measured in megawatt-hours. More information on Avista's DR programs, including Pilot Program information, can be found in the *Demand Response Programs* section of this plan.

Non-Energy Impacts

As part of its 2026-2027 *Biennial Conservation Plan* (*BCP*) Conditions, Avista is required to identify, quantify, value, incorporate, and report non-energy impacts (NEIs) within its conservation planning and cost-effectiveness framework. For both electric and natural gas portfolios, the modified Total Resource Cost (TRC) test – the company's primary cost-effectiveness test, as further described within the *Avista-Specific Methodologies and Analytical Practices* section of this plan – must include all NEIs that can be reasonably quantified and monetized, together with applicable risk and conservation benefit adders. Avista's energy efficiency portfolio must then pass this test to be deemed cost-effective. Relevant NEIs include short- and long-term public health benefits, environmental benefits, energy security, and other applicable non-energy costs, benefits, and risks.

During the biennium, Avista must continue researching and appropriately valuing NEIs in coordination with its conservation, equity, and resource planning advisory groups.[20] NEIs and related risks must be integrated into future *BCP*s and *Conservation Potential Assessments* (*CPA*), including measure-level consideration of applicable natural gas impacts when determining economic achievable potential. For electric conservation programs, Avista must disclose the specific NEIs and monetized values used in cost-effectiveness testing through detailed, transparent reporting with supporting program- and line-item information. Electric program NEIs must be identified and evaluated at least biennially, beginning in 2025.

Annual plans and reports must describe the forecasted distribution of energy benefits and NEIs and assess whether conservation programs equitably serve highly impacted communities and vulnerable populations. Low-income conservation programs must account for costs and benefits, including NEIs, over each measure's life, even when certain program, repair, health, safety, or administrative costs are excluded from portfolio level cost-effectiveness calculations. To support implementation, Avista has partnered with Det Norske Veritas (DNV) on NEI studies, incorporated quantifiable impacts into the *CPA* and 2026–2027 *BCP* where feasible, consulted with the Energy Efficiency Advisory Group (EEAG), and begun reporting the distribution of NEIs and related customer benefit indicators for Named Communities.

In 2027, Avista will hold further discussions with its EEAG and Equity Advisory Group (EAG) to share NEI work to date and gather feedback on whether additional research is needed to develop new NEIs going forward. In this *Annual Conservation Plan* (*ACP*), NEI spend is categorized in Appendix D, Electric Program Summary, and Appendix E, Natural Gas Program Summary.

[20] This includes Avista's EEAG, EAG, and TAC (Technical Advisory Committee for its IRP).

Energy Efficiency Portfolio Overview

Avista's energy efficiency portfolio is composed of residential, low-income, and commercial/ industrial programs, as well as programs to benefit Named Communities. For 2027, the company anticipates approximately 49,000 MWh to be achieved through its electric portfolio towards its total local biennium target. For the natural gas portfolio, Avista anticipates savings of just over 775,000 therms toward its local biennium target. These savings are derived from utility-specific conservation. Figures 1 and 2 below illustrate the major categories from which those savings are achieved.

FIGURE 1 – SAVINGS FROM TOP 5 ELECTRIC ENERGY EFFICIENCY PROGRAMS (MWH)

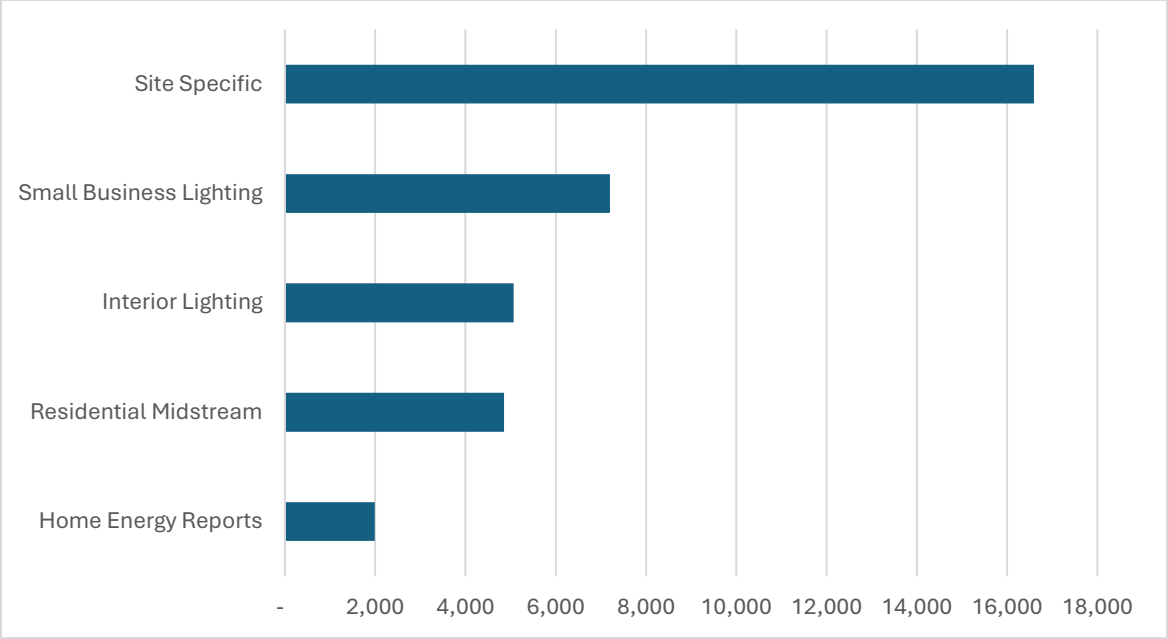
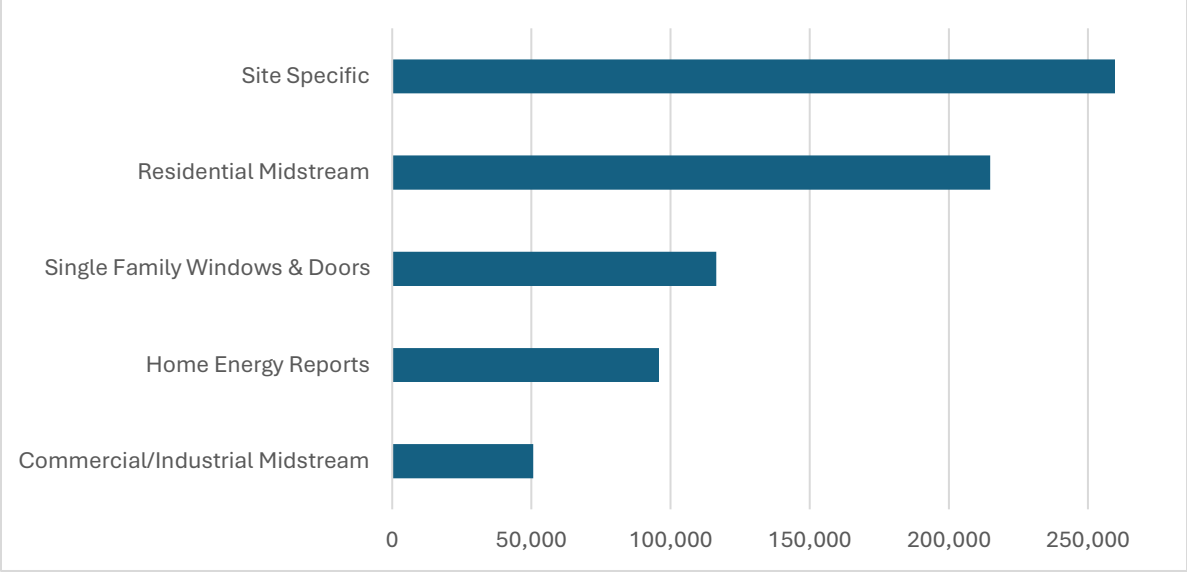


FIGURE 2 – SAVINGS FROM TOP 5 NATURAL GAS ENERGY EFFICIENCY PROGRAMS (THERMS)



Overall Energy Efficiency Budget Projections

Avista's budgeting process reflects the company's commitment to acquire all cost-effective energy efficiency resources and maximize portfolio value without imposing predetermined budget constraints. The process assumes that prudently incurred expenditures will be fully recovered through the conservation tariff rider and that surcharge adjustments will occur promptly enough to maintain a materially neutral rider balance. Accordingly, the budget is an outcome of the planning process rather than a planning objective. Avista recognizes that customer demand and market conditions are outside the budgeting process and may cause actual expenditures to differ from projections. Therefore, the forecasted budget neither limits spending to the planned amounts nor establishes a minimum savings commitment for any individual program.

The overall 2027 budget projection are summarized in Tables 12 and 13, which include elements of the energy efficiency budget that have been designated as "supplemental" to indicate program elements that are not included in the cost-effectiveness calculation. These supplemental costs include Northwest Energy Efficiency Alliance (NEEA) funding, as well as funds for third-party *Conservation Potential Assessment* (*CPA*) and Evaluation, Measurement, and Verification (EM&V) studies.

TABLE 12 – ENERGY EFFICIENCY BUDGET SUMMARY – ELECTRIC

	2027 Electric Budget	Supplemental Budget	Non-Supplemental Budget
Total Incentives	$13,227,847	$-	$13,227,847
Administrative Labor	$2,003,458	$-	$2,003,458
Total Non-Labor/Non-Incentive	$7,336,024	$1,819,721	$5,516,303
NEEA	$1,539,138	$1,539,138	$-
Total	**$24,106,467**	**$3,358,859**	**$20,747,608**

TABLE 13 – ENERGY EFFICIENCY BUDGET SUMMARY – NATURAL GAS

	2027 Natural Gas Budget	Supplemental Budget	Non-Supplemental Budget
Total Incentives	$8,843,551	$-	$8,843,551
Administrative Labor	$218,446	$-	$218,446
Total Non-Labor/Non-Incentive	$2,373,762	$880,822	$1,492,940
NEEA	$551,691	$551,691	$-
Total	**$11,987,449**	**$1,432,513**	**$10,554,936**

Program details of the expected incentive expenditures for 2027 are provided in greater detail in Table 14. Direct incentive expenditures represent the estimated incentives that will be paid to customers directly or indirectly for participation in energy efficiency programs. The overall level

of expense is highly correlated to programs' throughput and energy acquisition and based on customer participation; therefore, amounts are subject to change.

TABLE 14 – CUSTOMER DIRECT INCENTIVE EXPENDITURE DETAIL

Energy Efficiency Program	Electric Direct Incentive Expenditures	Natural Gas Direct Incentive Expenditures
Low-Income Programs		
Low Income	$1,765,715	$3,372,044
NCIF	$2,000,000	$0
Total Low-Income Incentives	**$3,765,715**	**$3,372,044**
Residential Programs		
Appliances	$63,100	$5,950
ENERGY STAR® Homes	$23,000	$0
Home Energy Audit	$0	$0
Home Energy Reports	$0	$0
Home Insulation Program	$41,880	$103,365
On-Bill Repayment	$7,200	$7,200
Residential Midstream	$1,045,980	$2,041,500
Doors and Windows	$747,352	$2,754,793
Total Residential Incentives	**$1,928,512**	**$4,912,809**
Commercial/Industrial Programs		
Building Operator Certification	$0	$0
Clean Buildings Accelerator	$400,000	$0
Commercial/Industrial Midstream	$355,367	$204,625
Commercial/Industrial Shell	$5,063	$11,793
Compressed Air	$1,440	$0
Exterior Lighting	$498,010	$0
Green Motors	$910	$0
Grocer	$200	$0
Interior Lighting	$1,269,985	$0
Site Specific	$1,401,730	$342,281
Small Business Lighting	$3,600,915	$0
Total Commercial/Industrial Incentives	**$7,533,620**	**$558,699**
Total of All Incentives	**$13,227,847**	**$8,843,551**

Consistent with Avista's approach of establishing budgets that neither cap program spending nor create a minimum savings obligation for any individual program, it is important to note that

low-income program budgets provided for each fuel are allocated based on customer meter counts within the service area for each partner Community Action Agency (CAA). Actual program expenditures, however, are driven by where customer need exists.

Each CAA operates under a single contract that covers both electric and natural gas assistance and is permitted to determine customer eligibility and intake based on customer need rather than fuel type. This structure allows the program to follow customer needs rather than adhere to fuel-specific participation targets. As a result, savings outcomes and associated spending by fuel may differ significantly from planned goals. One fuel may substantially exceed its savings target or stated budget while the other falls short, not because of CAA performance or customer demand, but because savings goals are assigned based on the total contract amount rather than historical participation patterns or expected demand by fuel.

Tables 15 and 16 provide a detailed, portfolio-level breakdown of non-incentive expenses, including supplemental and non-supplemental expenditures. These expenses are allocated to individual programs based on each program's share of the portfolio's total avoided costs resulting from energy efficiency achievements. As an exception to this methodology, third-party non-incentive payments are assigned directly to the programs from which they originate.

Energy efficiency program managers develop projected labor requirements by job classification, with applicable labor overheads incorporated into the estimates. Labor costs are allocated to programs based on the weighted value of each program's benefits to the overall portfolio.

TABLE 15 – NON-INCENTIVE UTILITY EXPENSE DETAIL – ELECTRIC

Expense Type	Washington Electric Portfolio	Supplemental Budget	Non-Supplemental Budget
EM&V/CPA	$704,899	$704,899	$-
General Implementation	$2,285,762	$-	$2,285,762
Labor Costs	$2,003,458	$-	$2,003,458
Marketing	$774,000	$774,000	$-
NEEA	$1,539,138	$1,539,138	$-
Outreach	$132,750	$132,750	$-
Pilot Programs	$1,114,822	$1,114,822	$-
Third Party Implementation	$2,323,790	$-	$2,323,790
Total	**$10,878,620**	**$4,265,609**	**$6,613,011**

TABLE 16 – NON-INCENTIVE UTILITY EXPENSE DETAIL – NATURAL GAS

Expense Type	Washington Natural Gas Portfolio	Supplemental Budget	Non-Supplemental Budget
EM&V/CPA	$78,322	$78,322	$-
General Implementation	$249,226	$-	$249,226
Labor Costs	$218,446	$-	$218,446
Marketing	$84,000	$84,000	$-
NEEA	$551,691	$551,691	$-
Outreach	$14,000	$14,000	$-
Pilot Programs	$802,500	$802,500	$-
Third Party Implementation	$1,145,713	$-	$1,145,713
Total	**$3,143,898**	**$1,530,513**	**$1,613,385**

Commercial/Industrial Portfolio Overview

The commercial and industrial energy efficiency market is supported through a combination of prescriptive and site-specific offerings, along with the Midstream and Clean Buildings support programs.

Prescriptive pathways do not require pre-project contracting, allowing for streamlined administration and marketing and a straightforward customer experience. Incentives for these offerings are established in accordance with Avista's guidelines and standard operating procedures. Actual costs and energy savings are tracked, reported, and made available to the third-party impact evaluator. Many, though not all, prescriptive measures rely on Regional Technical Forum (RTF) Unit Energy Savings (UES) values.

When prescriptive or midstream channels are unavailable, Avista allows commercial and industrial customers to submit energy efficiency projects with verifiable energy savings for technical review and potential incentives through the Site-Specific Program. Multifamily residential developments may also participate when improvements are implemented across all or a substantial portion of the residential units and common areas. Incentive eligibility is determined based on each project's specific characteristics and its alignment with the company's guidelines and standard operating procedures.

For the 2027 program year, Avista anticipates savings of 33,156,489 kWh to be achieved through commercial/industrial programs with an expected incentive spend of $7,533,620. Table 17 includes the estimated savings and spend by program for the electric portfolio.

TABLE 17 – COMMERCIAL/INDUSTRIAL PROGRAM OVERVIEW – ELECTRIC

Commercial/Industrial Programs	Electric Planned Program Savings (kWh)	Expected Electric Incentive Spend
Building Operator Certification	476,000	$-
Clean Buildings Accelerator	500,000	$400,000
Commercial/Industrial Midstream	1,436,491	$355,367
Commercial/Industrial Shell	7,446	$5,063
Compressed Air	6,000	$1,440
Prescriptive Lighting	6,921,899	$1,767,995
Green Motors	6,517	$910
Grocer	430	$200
Site-Specific	16,599,876	$1,401,730
Small Business Direct Install Lighting	7,201,831	$3,600,915
Total Commercial/Industrial	**33,156,489**	**$7,533,620**

For the 2027 program year, Avista anticipates savings of 310,607 therms to be achieved through commercial/industrial programs with an expected incentive spend of $558,699. Table 18 includes the estimated savings and spend by program for the natural gas portfolio.

TABLE 18 – COMMERCIAL/INDUSTRIAL PROGRAM OVERVIEW – NATURAL GAS

Commercial/Industrial Programs	Natural Gas Planned Program Savings (therms)	Expected Natural Gas Incentive Spend
Commercial/Industrial Midstream	50,656	$204,625
Commercial/Industrial Shell	243	$11,793
Site-Specific	259,708	$342,281
Total Commercial/Industrial	**310,607**	**$558,699**

Commercial/Industrial Marketing

Avista maintains a comprehensive marketing strategy for its commercial energy efficiency programs. Account Executives (AEs) continue to promote program offerings and energy efficiency opportunities, supported by the energy engineering and community outreach teams. This direct engagement is complemented by a broad range of paid channels, including digital and social media, streaming services, video-sharing and broadcast platforms, email, customer newsletters, direct mail, print advertising, and outreach conducted by third-party program implementers. Marketing efforts are tailored to commercial customers based on industry, business size, geographic location, and other relevant characteristics.

In 2025, Avista expanded its commercial energy efficiency marketing strategy by adding paid social media advertising through the "Power of Change" campaign. Designed to increase awareness of energy efficiency benefits, the campaign uses static and motion-based advertisements to encourage customer engagement and program participation.

Building on its initial success, Avista will continue using "Power of Change" as its primary marketing campaign in 2027, with flexible, seasonally relevant messaging that connects energy efficiency to customers' everyday lives and highlights available rebates and programs. The messaging for this upcoming year will place greater emphasis on energy savings while continuing to communicate potential cost savings for commercial and industrial customers. Research conducted in late 2026 will inform the campaign's specific messaging and help Avista respond to evolving customer preferences.

FIGURE 3 – COMMERCIAL/INDUSTRIAL "POWER OF CHANGE" DIGITAL ADVERTISING CAMPAIGN EXAMPLES



Commercial/Industrial Programs

Prescriptive Lighting Program

Program Description

This program encourages commercial and industrial electric customers to improve the energy efficiency of their lighting systems through direct financial incentives for qualifying equipment upgrades. The program supports the adoption of high-efficiency light emitting diode (LED) lighting and lighting controls, which helps customers reduce energy consumption, lower operating costs, and improve facility performance.

Avista utilizes a prescriptive incentive model that provides standardized per-unit incentives for common lighting retrofit measures. Incentive amounts and projected energy savings are based on established engineering assumptions, including baseline and replacement wattages, operating hours, and historical program performance data. This approach delivers a transparent, low-burden participation process while ensuring consistent and reliable energy savings estimates.

Eligible upgrades include the replacement of fluorescent, high-intensity discharge (HID), incandescent, and other less efficient lighting technologies with qualified LED products and networked lighting controls. As the commercial lighting market continues to transition toward LED technologies and fluorescent equipment becomes less available, the program will focus on capturing remaining cost-effective retrofit opportunities and promoting advanced control strategies. Table 19 below provides the anticipated savings and associated spend for commercial and industrial prescriptive lighting in 2027.

TABLE 19 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE LIGHTING PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	6,921,899
Incentives	$1,767,995
Non-Incentive Utility Costs	$1,342,467
Total Costs	**$3,110,462**

Program Implementation

Successful program delivery relies on a coordinated approach that combines financial incentives, customer outreach, trade ally engagement, and streamlined participation processes. Key implementation activities include incentive offerings that encourage project adoption, marketing and customer communications, outreach by regional Account Executives (AEs), and partnerships with electricians, distributors, and lighting suppliers that help customers identify and implement eligible projects.

To support participation, customers and trade allies may submit applications through Avista's iEnergy tracking and payment system. Program staff provide technical assistance, application support, and measure eligibility guidance to facilitate project completion and timely incentive processing. Program requirements, qualified product criteria, application materials, and supporting resources will be maintained through Avista's website and other program communication channels

Avista will continue to communicate significant program changes through direct customer notifications, website updates, and trade ally outreach to help customers and vendors understand program requirements, plan projects effectively, and remain informed about program offerings.

Program Eligibility

This program is applicable to commercial and industrial facilities receiving electric service from Avista under Schedule 11 or higher. Eligible projects must install qualifying lighting equipment and controls that meet current program requirements and applicable product eligibility standards.

Equity Considerations

Avista will continue to build on the strengths of its prescriptive approach by maintaining a simple and streamlined participation process that reduces administrative barriers for customers and trade allies. Standardized measures, predictable incentive amounts, and simplified application requirements help make energy efficiency upgrades more accessible to commercial customers with varying levels of technical expertise and internal resources. Avista will continue to evaluate declined applications, customer feedback, and participation trends to identify opportunities for clearer communication, improved program accessibility, and reduced documentation burden.

To further support equitable participation, Avista will continue to braid Named Communities Investment Fund (NCIF) dollars into eligible projects where appropriate, helping reduce customer out-of-pocket costs and increasing access to energy efficiency improvements for customers who may otherwise face financial barriers to participation. Through ongoing program evaluation and responsive program design, Avista aims to expand equitable access to the benefits of energy efficient lighting upgrades while supporting participation across a broad range of customer types and geographic areas.

Adaptive Management Strategies

To support continued cost-effective energy savings and maintain customer engagement in a maturing lighting market, Avista annually evaluates measure performance, participation trends, and market conditions. Based on this review, targeted incentive adjustments will be implemented for select measures in 2027. These revisions include increases and decreases, as appropriate, to improve the customer value proposition and better align with remaining savings opportunities. The table below outlines the incentive revisions to be made in 2027.

TABLE 20 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE LIGHTING PROGRAM REVISIONS

	2026	2027
Interior Lighting		
T8 TLED 2'	$ 6.00	$ 7.00
T8 TLED 3'	$ 10.00	$ 11.00
T8 TLED 4'	$ 12.00	$ 15.00
T8 TLED 8'	$ 25.00	$ 30.00
T5 TLED 4'	$ 17.00	$ 15.00
2x2 LED Fixture	$ 25.00	$ 30.00
2x4 LED Fixture	$ 50.00	$ 55.00
T8 8' LED Strip Fixture	$ 70.00	$ 75.00
42W CFL to LED Fixture	$ 20.00	$ 25.00
60W Incandescent to LED Fixture	$ 30.00	$ 40.00
75-100W Incandescent to LED Fixture	$ 40.00	$ 50.00

Small Business Direct Install Lighting Program

Program Description

In partnership with Resource Innovations and local trade allies, Avista's Direct Install Lighting Program provides small business customers with low-cost or no-cost energy efficient lighting upgrades. Through a network of qualified trade allies, the program delivers turnkey installation of qualified lighting measures, including LED fixtures, lamps, and controls, helping customers reduce energy consumption, lower operating costs, and improve lighting quality without significant upfront investment. The program is designed to serve customers who may face barriers to participating in traditional rebate programs by providing a streamlined, direct-install approach. Table 21 below provides the planned savings and associated expenses anticipated for the Small Business Direct Install Lighting Program in 2027.

TABLE 21 – SMALL BUSINESS DIRECT INSTALL LIGHTING PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	7,201,831
Incentives	$3,600,915
Non-Incentive Utility Costs	$1,152,597
Total Costs	**$4,753,512**

Program Implementation

Avista and Resource Innovations implement the program through a network of qualified trade allies who identify, scope, and install eligible lighting measures for small business customers. This delivery model simplifies project participation and helps customers complete energy efficiency upgrades with minimal administrative and financial burden.

The iEnergy software platform supports customer eligibility screening, enrollment, project development, savings calculations, quality assurance, and reporting. Through the iEnergy OnSite tool, trade allies can perform facility assessments, document existing and installed equipment, generate customer reports, and track project data needed to ensure program accuracy, consistency, and successful delivery.

Program Eligibility

The program serves eligible electric customers in Avista's Washington service territory, specifically those receiving service under Schedules 11 and 12. Customers are identified through targeted outreach efforts, geographic clustering, customer referrals, and direct engagement by participating trade allies. Customers may also express interest in participating through Avista's website or other program marketing channels.

Equity Considerations

The program helps address participation barriers by providing eligible customers with a solution that minimizes or eliminates upfront costs associated with energy efficiency upgrades. By delivering incentives directly through participating contractors, the program expands access to

energy saving improvements for small businesses that may lack the capital, time, or technical resources to pursue such projects independently.

In 2027, Avista will continue to prioritize outreach and project delivery within Named Communities and other underserved areas of its Washington service territory. Through the strategic braiding of tariff funding and NCIF resources, the program can provide enhanced support to eligible businesses, helping ensure equitable access to energy efficiency improvements and their benefits, including lower operating costs, improved lighting quality, and reduced energy consumption. Working with Resource Innovations, trade allies, and community partners, Avista will continue efforts to increase awareness, reduce participation barriers, and expand program access among underserved customers.

Adaptive Management Strategies

Because the program has a strong record of high performance, no significant revisions are planned for 2027. Avista plans to continue the program through 2027 using available contract funding. As the commercial lighting market matures, Avista has observed declining project participation and savings, along with increasing incentive cost per acquired kWh. Avista does not currently anticipate replacing the program with an identical direct install offering following the completion of the existing contract. Instead, in 2027, Avista will evaluate the appropriate approach for electric energy efficiency acquisition beginning in 2028, by considering remaining conservation potential and market conditions.

Business Partner Program

Program Description

The Business Partner Program (BPP) serves as Avista's primary outreach and engagement initiative for small business customers, helping connect them with energy efficiency programs, financial incentives, and utility resources that can reduce energy costs and improve business operations. The program focuses on customers who may face barriers to participation due to limited time, technical expertise, or awareness of available conservation opportunities.

Through one-on-one customer engagement, facility assessments, educational presentations, community outreach, and strategic partnerships, the BPP increases awareness of energy-saving technologies, conservation incentives, billing options, electrification resources, and other utility services. Program staff work directly with customers to identify opportunities that align with the operational needs of the business and connect them with appropriate Avista offerings.

The BPP also administers the Trade Ally Bid Program, which links customers with qualified contractors and service providers to support the evaluation and implementation of energy efficiency projects. Participating trade allies assist with project scoping, technology recommendations, and cost estimates to help customers navigate the path from opportunity identification to project completion.

By combining targeted outreach, technical guidance, and contractor support, the program helps small businesses overcome common participation barriers, make informed energy decisions, and pursue cost-effective improvements that deliver long-term energy and financial benefits. Through these efforts, the program supports increased awareness, broader participation in conservation programs, and greater adoption of energy efficient technologies across Avista's commercial customer base.

Program Implementation

The BPP uses targeted outreach to connect eligible small businesses with no-cost facility assessments. Program staff and trade ally contractors identify energy-saving opportunities, recommend measures and incentives, and provide project estimates or bids to support implementation.

Program Eligibility

The BPP is available to Avista Schedule 11 and Schedule 12 commercial customers interested in identifying opportunities to reduce energy consumption and lower operating costs. Eligible customers may request a no-cost on-site energy assessment conducted by a qualified trade ally contractor participating in Avista's Trade Ally Bid Program. Eligibility requirements are consistent for both electric and natural gas customers.

During the site visit, the contractor reviews the facility's energy usage and evaluates building systems and equipment that may present conservation opportunities. Assessments typically include a review of lighting systems, HVAC equipment, thermostats, insulation levels, windows, and other building components that affect energy performance. Based on the assessment findings, the contractor provides recommendations for potential energy efficiency improvements and identifies applicable Avista conservation incentives.

Following the visit, customers receive a summary of recommended measures and, when requested, cost estimates or bids for proposed improvements. This information provides customers with a baseline understanding of potential energy-saving opportunities and available financial incentives, allowing them to determine whether and how to proceed with future energy efficiency projects. Customers may receive recommendations and pursue improvements that result in electric savings, natural gas savings, or both, depending on the characteristics of their facility and the opportunities identified through the assessment.

Equity Considerations

Avista will incorporate equity into the BPP by focusing outreach and engagement efforts on small business customers that may face barriers to participating in energy efficiency programs. These barriers can include limited staff resources, lack of familiarity with available conservation offerings, difficulty accessing qualified contractors, and competing business priorities.

To address these challenges, the program provides no-cost energy assessments, personalized guidance, and direct connections to qualified trade ally contractors. By reducing the need for customers to independently identify energy-saving opportunities, navigate incentive programs, or solicit contractor bids, the program lowers participation barriers and improves access to conservation resources.

The program will continue to support customers across Avista's service territory, including rural communities, underserved markets, nonprofit organizations, businesses located in Named Communities, and small businesses that may have historically lower participation in conservation programs. Through targeted outreach, community partnerships, and collaboration with local business organizations, Avista will work to increase awareness of available energy efficiency opportunities and incentives.

By providing accessible technical assistance and facilitating customer connections to qualified service providers, the BPP helps ensure a broader range of customers can participate in and benefit from Avista's conservation programs, resulting in more equitable access to energy savings, reduced operating costs, and improved facility performance.

Adaptive Management Strategies

In 2027, Avista will evaluate and redesign the BPP to increase scalability, improve customer reach, and enhance program delivery across its service territory. The program will continue to

focus on small business customers, as these customers continue to be a segment that often faces time, resource, and technical expertise constraints when evaluating energy efficiency opportunities.

The redesigned program will maintain its core objective of connecting customers with energy efficiency resources, incentives, trade ally support, and energy management information while exploring more efficient delivery methods that can serve a larger number of customers. Outreach activities may include targeted customer engagement, educational events, partnerships with business organizations, digital communications, and coordination with trade allies and AEs. A key outcome of the redesigning effort will be identifying opportunities to streamline program processes and leverage existing customer touchpoints to increase participation in Avista's conservation offerings. The program will continue to provide customers with information on energy saving technologies, available incentives, financing resources, and utility services that can help reduce energy costs and improve business operations.

The Trade Ally Bid Program will remain a component of the BPP, providing customers with access to qualified contractors and competitive bids for energy efficiency improvements. Through these efforts, Avista aims to improve program accessibility, increase conservation program awareness, and support greater adoption of energy efficiency technologies among small business customers.

Site-Specific Program

Program Description

Avista's Site-Specific Program provides customized electric and natural gas incentives and technical support for commercial and industrial energy efficiency projects that require project-specific engineering analysis to quantify energy savings and determine cost-effective incentive levels. Through the efforts of Avista's AEs, the program serves customers with facilities, processes or equipment that fall out of traditional prescriptive or midstream offerings, enabling the implementation of energy saving opportunities tailored to unique operational requirements.

A cornerstone of Avista's commercial and industrial portfolio, the Site-Specific Program has consistently delivered cost-effective energy savings while supporting customer investment in high efficiency technologies. The program provides technical expertise and performance-based incentives for projects that produce verifiable electric or natural gas savings and meet program requirements. The program is designed to accommodate a broad range of custom energy efficiency measures across commercial and industrial sectors. Common project types include HVAC system upgrades, advanced lighting and controls, building envelope improvements, process optimization, manufacturing equipment upgrades, and other site-specific measures that reduce energy consumption and improve operational performance. Table 22 below provides the planned savings and associated expenses anticipated for the Site-Specific Program in 2027.

TABLE 22 – COMMERCIAL/INDUSTRIAL SITE-SPECIFIC PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	16,599,876
Incentives	$1,401,730
Non-Incentive Utility Costs	$3,109,399
Total Costs	**$4,511,129**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	259,708
Incentives	$342,281
Non-Incentive Utility Costs	$531,849
Total Costs	**$874,130**

Program Implementation

In 2027, Avista will continue to support commercial and industrial customers in identifying and implementing cost-effective, site-specific electric energy efficiency projects. The program is designed for customers whose energy-saving opportunities fall outside of prescriptive offerings and require customized technical analysis, project development, and financial support.

Financial incentives will help offset a portion of the incremental cost of qualifying high-efficiency equipment, reducing barriers to adoption and improving project economics. Incentive levels will be managed to maximize cost-effective energy savings while ensuring responsible stewardship of customer-funded resources. Incentives are generally capped at 70 percent of incremental costs and projects in Washington must demonstrate cost-effectiveness under the Total Resource Cost (TRC).

Avista will also focus on increasing customer awareness throughout the upcoming program year, in addition to identifying high-value energy-saving opportunities and providing end-to-end support throughout the project lifecycle. Through proactive engagement, technical expertise, and collaboration with customers and trade allies, the program will help participants reduce energy consumption, lower operating costs, improve facility performance, and support long-term business competitiveness.

Because site-specific projects vary in size, complexity, and implementation timelines, participation and annual savings may fluctuate based on customer capital investment cycles, operational priorities, and market conditions. To maintain program effectiveness, Avista will continue to streamline processes, provide responsive technical assistance, and work closely with customers to advance projects from concept through completion.

Key implementation activities in 2027 include:

- Providing financial incentives that encourage investment in energy efficient technologies and accelerate project adoption.
- Conducting targeted outreach and marketing to identify and engage eligible customers with significant energy-saving potential.
- Leveraging Avista AEs to guide customers through project identification, application, implementation, and incentive payment.
- Collaborating with trade allies, engineers, contractors, and equipment vendors to develop technically sound and cost-effective project solutions.
- Performing measurement and verification activities, as appropriate, to validate savings and ensure program accountability.
- Evaluating emerging technologies and customers need to identify new opportunities for future energy efficiency investments.

Program requirements, incentive information, and application materials will continue to be available through Avista's website and trade ally network, ensuring customers have easy access to the resources and support needed to successfully participate in the program.

Program Eligibility

In 2027, the program will be available to all eligible commercial and industrial retail electric and natural gas customers within Avista's service territory. The program is designed to support a

wide range of customer-identified energy efficiency opportunities, particularly custom projects that do not fit within existing prescriptive offerings.

Eligibility will be determined based on customer account status, measure qualification, and the project's ability to deliver verifiable, cost-effective electric or natural gas energy savings. Proposed measures must meet program requirements, comply with applicable technical standards, and satisfy the modified TRC's cost-effectiveness criteria.

The program's flexible structure allows Avista to evaluate diverse customer opportunities across multiple market segments while maintaining compliance with regulatory requirements and portfolio cost-effectiveness objectives. This approach enables customers to pursue innovative energy-saving solutions that reduce energy consumption, lower operating costs, and improve facility performance while contributing to Avista's conservation goals.

Equity Considerations

Avista will continue to advance equitable access to Site-Specific Program opportunities by proactively engaging customers and organizations that have historically faced barriers to participating in energy efficiency programs. Through targeted outreach, relationship-based engagement, and coordination with community partners, Avista will work to identify qualifying projects that serve businesses, nonprofits, and customers located in or serving Named Communities.

As noted, the flexibility of the Site-Specific Program enables Avista to tailor technical assistance, project development support, and incentives to meet the unique needs of diverse customer segments. Avista will also coordinate Site-Specific projects with complementary initiatives, including the NCIF, to help customers leverage additional funding sources and reduce financial barriers to participation.

By integrating equity considerations into outreach, project identification, and customer support activities, Avista aims to expand access to energy efficiency investments, increase participation among underserved customers, and ensure the benefits of conservation are more broadly distributed across the communities it serves.

Adaptive Management Strategies

The only planned revision for 2027 is the removal of the requirement that measures achieve a simple payback of 15 years or less based on energy cost savings. This modification supports the adaptive management approach of the Site-Specific Program by providing greater flexibility to evaluate project opportunities based on customer needs, conservation potential, and overall cost-effectiveness rather than a single payback threshold. Under the revised approach, incentives will generally be capped at 70 percent of the incremental measure cost.

In addition, measures installed in Washington must continue to demonstrate cost-effectiveness under the TRC. This retention of cost-effectiveness requirements while providing greater flexibility in incentive design aligns program incentive practices with broader cost-effectiveness objectives while maintaining prudent management of conservation funding.

Pay for Performance Program

Program Description

The Pay for Performance Program provides financial incentives for verifiable electric or natural gas energy savings achieved at participating commercial facilities. Rather than compensating customers based on the installation of specific measures, the program rewards demonstrated reductions in energy consumption as measured through metered performance and normalized analysis methodologies. This outcome-based approach encourages customers to identify and implement the most effective combination of strategies to improve building performance, including equipment upgrades, operational improvements, retro-commissioning activities, maintenance enhancements, and occupant engagement initiatives. Eligible savings are tracked and verified through established measurement and verification protocols, ensuring that incentives are tied directly to realized energy reductions.

While savings are reported through Avista's Site-Specific portfolio, the Pay for Performance Program serves as a distinct offering designed to promote continuous energy management and long-term energy savings through demonstrated results.

Program Implementation

In 2027, Avista will continue to offer the commercial Pay for Performance Program to commercial customers seeking a flexible pathway to achieve meaningful and persistent energy savings. The program is designed for organizations interested in improving overall building performance through a combination of capital improvements, operational strategies, commissioning activities, energy management practices, and behavioral initiatives. By emphasizing measured outcomes rather than prescriptive measures, the program encourages customers to pursue the solutions that best fit their facilities and operational needs.

Program participants will work with Avista to establish an energy use baseline and identify opportunities for improvement. Following project implementation, energy performance will be evaluated using approved measurement and verification methodologies to quantify realized electricity and natural gas savings. Incentives will be based on verified savings achieved relative to the established baseline, providing a direct link between program payments and actual energy performance.

The program's target audience includes commercial customers with sufficient energy usage and savings potential to benefit from a whole-building, performance-based approach. Participants benefit from the flexibility to implement a range of energy-saving strategies while receiving financial support tied to demonstrated results. This structure encourages ongoing energy management and continuous improvement, helping customers reduce operating costs, improve facility performance, and sustain energy savings over time.

Avista will administer the program, providing customer support, project review, savings analysis, and incentive processing. Through regular engagement with participants throughout

the performance period, Avista will help ensure projects remain on track to deliver measurable energy savings and program objectives. The program is expected to generate cost-effective, verifiable energy savings while expanding customer access to innovative approaches for managing energy consumption.

Program Eligibility

The commercial Pay for Performance Program is available to eligible Avista electric and natural gas commercial customers with facilities that demonstrate sufficient energy consumption and operational stability to support performance-based measurement and verification. To participate, customers must occupy or control a building with a definable baseline of energy use and possess the ability to implement and maintain energy-saving improvements over the program performance period.

As part of the enrollment process, Avista will evaluate facility characteristics, historical energy usage, metering capabilities, and the anticipated savings opportunity to determine program suitability. Customers proposing projects that are expected to produce measurable and persistent reductions in energy consumption will be considered eligible for participation. There is no minimum energy consumption threshold; facilities must have sufficient and stable energy usage to establish a reliable baseline and support measurement and verification. To qualify, planned improvements must be expected to reduce the building’s metered baseline electricity or natural gas consumption by at least 10 percent.

Eligibility requirements are generally consistent for both electric and natural gas customers. Incentives will be available for verified savings of the applicable fuel type based on the customer's service. Facilities served by both fuels may receive incentives for qualifying electric and natural gas savings. Facilities with energy consumption patterns that cannot be reliably measured or normalized for performance analysis may not be eligible for the program.

The program is intended for commercial buildings and building systems where whole-building energy performance can be effectively evaluated. Industrial process loads, manufacturing processes, and other specialized end uses that are not well-suited to whole-building performance measurements are generally excluded but may be considered under other Avista commercial conservation offerings. This eligibility framework helps ensure that program incentives are tied to quantifiable, verifiable, and cost-effective energy savings.

Equity Considerations

Avista will incorporate equity into the commercial Pay for Performance Program by offering a flexible, performance-based pathway that expands participation opportunities for a diverse range of commercial customers. Because incentives are based on verified energy savings rather than a prescribed set of measures, customers can pursue energy management strategies that align with their operational needs, facility characteristics, and financial capabilities. This approach helps reduce participation barriers that may limit access to

traditional energy efficiency programs. Avista will work to identify qualifying projects that serve businesses, nonprofits, and customers located in or serving Named Communities.

The program is designed to accommodate a variety of building types and customer segments, including small and mid-sized businesses, nonprofit organizations, public institutions, and customers located in rural and underserved communities. By recognizing savings achieved through operational improvements, building optimization, maintenance practices, and behavioral changes in addition to capital investments, the program provides customers with multiple pathways to participate and benefit.

Avista will continue to leverage existing customer relationships, outreach channels, and account management resources to increase awareness of the program among customers who have historically been underrepresented in conservation program participation. Program staff will work directly with customers to identify opportunities, explain program requirements, and provide technical support throughout the participation process. Through these efforts, the program seeks to broaden access to conservation incentives, support equitable participation across Avista's service territory, and ensure that the benefits of energy efficiency, including lower operating costs, improved facility performance, and reduced energy consumption, are available to a wider range of commercial customers.

Adaptive Management Strategies

Avista will make a minor administrative enhancement to the Pay for Performance Program in 2027 by incorporating the offering into its AE customer engagement model. Under this approach, AEs will serve as the primary customer-facing resource for program outreach, education, and enrollment activities, while program administration, technical review, savings verification, and incentive processing will continue to be managed by the Energy Efficiency Department. This change is intended to improve customer experience by providing a consistent point of contact across Avista's commercial conservation portfolio.

By leveraging established AE relationships, Avista expects to increase customer awareness of the program, streamline the enrollment process, and better align the Pay for Performance offering with other commercial conservation programs. No changes to program eligibility, incentive structure, measurement and verification requirements, or savings methodologies are planned for 2027.

Commercial/Industrial Prescriptive Non-Lighting Programs

The Commercial/Industrial Prescriptive Non-Lighting Programs provide simple, standardized incentives for a variety of commercial and industrial energy efficiency measures. In 2027, this group of programs will include the Green Motors Rewind Program, Commercial Grocer Program, and Commercial Prescriptive Shell Program. These offerings help customers reduce energy consumption through efficient motor repair, commercial refrigeration improvements, and building shell insulation upgrades while providing a streamlined participation experience.

Green Motors Rewind Program

Program Description

The Green Motors Rewind Program advances energy efficient motor rewind practices for Avista's commercial and industrial electric customers. The program supports qualifying repairs that restore motors as closely as practicable to their original operating efficiency. Through partnerships with participating motor service centers, it promotes established green rewind practices that reduce energy consumption, extend motor service life, and improve overall motor system performance.

Avista provides incentives for qualifying rewinds of motors ranging from 15 to 5,000 horsepower (HP). Eligible customers receive an immediate invoice credit of $1 per HP at the time of service, while participating service centers receive an additional $1 per HP for supporting program delivery. By leveraging trusted motor service providers, the program offers customers a streamlined, cost-effective approach to improving motor efficiency while minimizing operational disruptions.

TABLE 23 – COMMERCIAL/INDUSTRIAL GREEN MOTORS PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	6,517
Incentives	$910
Non-Incentive Utility Costs	$652
Total Costs	**$1,562**

Program Implementation

In 2027, Avista will continue administering the Green Motors Rewind Program in house and coordinating directly with participating motor service centers to deliver incentives and verify program requirements. Participating service centers will continue to apply instant invoice credits for qualifying rewinds and submit supporting documentation directly to Avista for reimbursement and tracking purposes.

Program management activities will include maintaining program materials and forms, supporting participating service centers, processing incentive applications, and promoting

awareness of the program through customer and trade ally outreach. Avista will also continue monitoring participation levels, savings performance, and service center engagement to ensure consistent delivery of program benefits across its service territory.

TABLE 24 – COMMERCIAL/INDUSTRIAL GREEN MOTORS PROGRAM MEASURES AND INCENTIVES

	Projected Participation*		Per-Unit kWh Savings	Incentive**
15 HP Industrial	7	Units	390	$30
100 HP Industrial	1	Units	1,150	$200
125 HP Industrial	2	Units	1,320	$250

*Projected participation is estimated based on current year throughput annualized.

**This incentive includes the $1 per HP fee paid to the service center for participating.

Program Eligibility

The program is available to qualifying commercial and industrial electric customers. Eligible projects must involve a qualifying green rewind performed by a participating motor service center and must meet applicable program requirements, including motor size and documentation standards.

Equity Considerations

The Green Motors Rewind Program supports equitable access to energy efficiency by providing incentives as an instant invoice credit, reducing upfront costs for participating customers. This delivery model simplifies participation by allowing customers to receive program benefits directly through participating motor service centers without requiring a separate rebate application process.

In 2027, Avista will continue working with participating service centers throughout its service territory to maintain awareness of the program and support access for customers in rural and underserved areas. Program information will remain available through Avista's website and outreach materials, helping ensure that customers of varying sizes and resources can learn about and access the program. By reducing the cost of qualifying motor repairs and improving equipment efficiency, the program helps customers manage operating expenses while extending the useful life of existing equipment

Adaptive Management Strategies

No revisions to this program are planned for 2027.

Commercial/Industrial Prescriptive Shell Program

Program Description

The Commercial/Industrial Prescriptive Shell Program provides incentives to eligible commercial electric or natural gas customers who improve the thermal performance of existing

buildings through the installation of qualifying insulation measures. By reducing heat loss and improving building envelope efficiency, insulation upgrades can lower energy consumption, improve occupant comfort, and reduce operating costs. The program supports a variety of insulation projects that help customers improve the efficiency of facilities heated with qualifying Avista fuels. Table 25 below provides the planned savings and associated expenses anticipated for the Commercial/Industrial Prescriptive Shell Program in 2027.

TABLE 25 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE SHELL PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	7,446
Incentives	$5,063
Non-Incentive Utility Costs	$2,346
Total Costs	**$7,409**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	243
Incentives	$11,793
Non-Incentive Utility Costs	$586
Total Costs	**$12,378**

Program Implementation

In 2027, Avista will continue offering prescriptive incentives for eligible insulation projects completed at qualifying commercial facilities. Customers must install qualifying insulation measures in accordance with program requirements and submit a completed rebate application and supporting documentation, including itemized invoices and insulation certifications. Applications will be reviewed through established program processes, and approved incentives will be issued following verification of project eligibility and completion. Program awareness and participation will be supported through trade allies, AEs, marketing initiatives, and Avista's website, which serves as a central source for eligibility requirements, incentive information, and rebate forms. Avista will continue evaluating opportunities to improve participation, streamline processes, and support customer adoption of cost-effective insulation measures.

TABLE 26 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE SHELL PROGRAM MEASURES AND INCENTIVES

	Projected Participation*		Incentives
Less than R11to R45+ Attic Insulation	8,049	Sq. Ft.	$1.25 per Sq. Ft.
Less than R11 to R30+ Roof Insulation	4,829	Sq. Ft.	$1.00 per Sq. Ft.
Less than R4 to R19+ Wall Insulation	3,658	Sq. Ft.	$1.25 per Sq. Ft.

*Projected participation is estimated based on current year throughput annualized.

Program Eligibility

The Prescriptive Shell Program is available to eligible commercial customers who install qualifying insulation measures at facilities heated with an eligible Avista fuel source. Customers must meet all applicable program requirements, including minimum heating usage thresholds where required, and submit all required documentation to receive incentives. Eligible measures, incentive levels, and participation requirements will be identified in current program materials and rebate applications.

Equity Considerations

Avista will continue working to ensure commercial customers throughout its service territory have equitable access to insulation incentives and program information. Program materials and participation resources will be available through multiple channels, including trade allies, AEs, and online resources. By reducing the upfront cost of energy efficiency improvements, the program helps increase access to building upgrades that may otherwise be deferred due to capital constraints. Outreach efforts will continue to support awareness among small businesses and customers operating in underserved communities.

Adaptive Management Strategies

No significant revisions to the Prescriptive Shell Program are currently planned for 2027. Avista will continue monitoring participation levels, customer feedback, and measure performance and may implement administrative or operational improvements as needed to enhance program effectiveness and customer experience.

Commercial/Industrial Grocer Program

Program Description

The Commercial/Industrial Grocer Program provides prescriptive rebates to commercial electric grocery customers who install eligible high-efficiency refrigeration equipment and related energy-saving technologies. Eligible measures may include refrigeration system upgrades, anti-sweat heater controls, strip curtains, electronically commutated motors (ECMs), and other qualified refrigeration efficiency improvements. Because refrigeration is often one of the largest electrical loads in grocery facilities, these upgrades help customers reduce energy consumption, lower operating costs, and improve equipment performance while supporting Avista's conservation goals.

TABLE 27 – COMMERCIAL/INDUSTRIAL GROCER PROGRAM METRICS

Projected Program Metrics - Electric	
Overall kWh Savings	430
Incentives	$200
Non-Incentive Utility Costs	$43
Total Costs	**$243**

Program Implementation

In 2027, Avista will continue offering prescriptive incentives for qualifying refrigeration measures installed at eligible grocery facilities. Customers will submit completed rebate applications and supporting documentation following equipment installation. Applications will be reviewed using established program processes, and approved incentives will be issued in accordance with program requirements. Program promotion will occur through AEs, trade allies, marketing initiatives, and Avista's website, which serves as a resource for program requirements, eligibility criteria, available incentives, and application materials. Avista will continue evaluating opportunities to streamline participation and increase customer awareness of refrigeration efficiency upgrades.

The following conservation measures will be discontinued from the Grocer Program in 2027, as they are no longer supported by the Regional Technical Forum (RTF) and therefore will not be eligible for prescriptive incentives:

- Gaskets for Walk-in Cooler – Main Door
- Gaskets for Walk-in Freezer – Main Door
- Gaskets for Reach-in Glass Doors, Medium Temp
- Gaskets for Reach-in Glass Doors, Low Temp

Program Eligibility

The Commercial/Industrial Grocer Program is available to eligible Avista commercial electric customers that install qualifying refrigeration efficiency measures in grocery and food retail facilities. Customers must meet all applicable program requirements and submit required documentation to receive incentives. Eligible equipment and incentive levels will be identified in current program materials and rebate applications.

Equity Considerations

Avista will continue working to ensure eligible grocery customers have equitable access to program information, incentives, and participation opportunities. Program information and application materials will be made available through multiple channels, including AEs, trade allies, and online resources. Avista will seek opportunities to increase awareness among small and independently operated grocery businesses, helping reduce barriers to participation and expand access to energy efficiency benefits. By offering prescriptive incentives that reduce upfront project costs, the program supports customers that may have limited capital available for equipment upgrades.

Adaptive Management Strategies

No significant revisions to the Commercial/Industrial Grocer Program are currently planned for 2027. Avista will continue monitoring program participation, measure performance, and customer feedback and may implement administrative or operational improvements as needed to support effective program delivery.

Commercial/Industrial Midstream Program

Program Description

Based on historical experience with such programs, common barriers to participation in traditional downstream rebate programs include a lack of customer awareness of rebate programs; language and technology barriers; and distributors' tendency to stock low-cost, low efficiency units because of the higher cost of energy efficient equipment. Prior to the implementation of Avista's Midstream Program, customers who requested high-efficiency equipment often had to wait weeks for the equipment. By focusing efforts on distributors directly, Avista's Midstream Program leverages distributors' recognized influence over contractors and specific equipment sales while mitigating many participation barriers. Distributors work with contractors to submit claims for Avista customers, and claims are then paid promptly. This approach benefits both the customer and the company. Customers have improved equitable access, as they may receive an incentive without having to complete any paperwork or have background knowledge of the rebate program, and Avista gains additional savings without the burden of customers having to submit paperwork to the utility.

TABLE 28 – COMMERCIAL/INDUSTRIAL MIDSTREAM PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	1,436,491
Incentives	$355,367
Non-Incentive Utility Costs	$261,473
Total Costs	**$616,840**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	50,656
Incentives	$204,625
Non-Incentive Utility Costs	$114,000
Total Costs	**$318,625**

Program Implementation

The Midstream Program is implemented through Avista's partnership with Energy Solutions and participating equipment distributors. Energy Solutions recruits and trains distributors, provides program support, and manages the claims platform. When qualifying equipment is sold through a participating distributor, the distributor works with the contractor to submit the required customer and equipment information. Energy Solutions verifies eligibility, processes the claim, and issues the applicable incentive, while Avista oversees program performance and adjusts measures and incentives as needed.

Program Eligibility

Commercial customers are eligible for the program if they have Avista electric or natural gas service and install qualifying equipment through a participating contractor. Avista's

implementation partner, Energy Solutions, engages in outreach and education for distributors, who utilize a software system to enter and track claims. Equipment utilized for industrial processes is not part of the Midstream Program.

Equity Considerations

The Midstream approach is inherently more equitable than the traditional downstream rebate model, as participation does not rely on customer knowledge of the program and products or customer ability to complete documentation. The program is continuously open at no cost to any interested distributor willing to complete a participation agreement. Any contractor may participate at any time by working with a participating distributor. Distributors will work with contractors to complete the required documentation. The open approach, combined with broad distributor participation, will continue to ensure program incentives are available throughout the service territory.

Adaptive Management Strategies

Avista is considering the addition of several new measures to the program in 2027, including retrofit packaged terminal heat pumps, high efficiency evaporator units and condensers and variable refrigerant flow (VRF). Potential new grocer measures under consideration include retrofit electronically commutated (EC) motors and retrofit refrigerated case doors. Measures under consideration in the agricultural segment include low-energy precision application (LEPA) nozzles, engine block heaters, livestock waterers, evaporator fan replacement controls and retrofits. Avista will continue to evaluate all measures offered through the midstream program and will revise program offerings or incentives as necessary.

Building Operator Certification Program

Program Description

Avista offers customers a discount on Building Operator Certification (BOC) training. BOC is a nationally recognized program for building engineers and maintenance personnel to learn how to improve comfort and efficiency within the buildings they operate. Table 29 below provides the anticipated savings and associated costs associated with the BOC Program.

TABLE 29 – BUILDING OPERATOR CERTIFICATION PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	476,000
Incentives	$-
Non-Incentive Utility Costs	$35,484
Total Costs	**$35,484**

Program Implementation

The BOC training program and discount are offered in partnership with Building Performance, the regional program administrator. Training sessions are offered throughout the year in both in-person and virtual settings. The program is advertised by both Building Performance and Avista. Building Performance handles logistics, including hiring instructors and administering registration, while Avista staff participate in courses by sharing energy efficiency opportunities with participants.

Program Eligibility

BOC training is open to building engineers and maintenance staff who oversee one or more commercial buildings within the Avista service territory.

Equity Considerations

BOC equips building operators with the skills to optimize energy performance in commercial facilities. By applying best practices in HVAC, lighting, and energy management systems, operators reduce energy waste and lower operating costs. These savings translate into more affordable energy bills for all customers, particularly in commercial and institutional sectors. As operators implement low-cost and no-cost efficiency measures, the cumulative impact contributes to system-wide cost containment, supporting Avista's goal of maintaining affordable rates. BOC promotes sustainable operations, including energy and water conservation. These practices reduce greenhouse gas emissions and align with Avista's clean energy goals. Additionally, Avista's support for BOC demonstrates its investment in workforce development and community partnerships, further strengthening customer relationships.

Avista will continue to target BOC participation from organizations that serve Named Communities through targeted, individual outreach. A tuition discount is available for all Avista

customers, while those organizations that serve Named Communities may request a full scholarship for tuition costs.

Adaptive Management Strategies

No revisions to this program are planned for 2027.

Washington State Clean Buildings Act Support Programs

Program Description

Washington State House Bill 1257, the Clean Buildings Act, was codified into law under RCW 19.27A in late 2019 and later expanded in 2024. This law currently requires most existing commercial buildings over 20,000 square feet to benchmark energy use, and complete both energy management and operations and maintenance plans. Larger buildings must also either seek exemption, meet their performance standard or seek another compliance path that may include an audit and project work.

Avista is working cooperatively with the Department of Commerce to execute the new law and to support building owners as they navigate the compliance process. Table 30 summarizes the Company's four key areas of support provided over the years, with each of these efforts described in greater detail below.

TABLE 30 – COMMERCIAL/INDUSTRIAL WASHINGTON STATE CLEAN BUILDINGS ACT SUPPORT EFFORTS

Service	Start Date	Description
Energy Efficiency Engineering	Late 1970s	Various customer support to identify and incentivize efficiency
ENERGY STAR® Portfolio Manager	2009	Monthly energy use data pushes
Clean Buildings Accelerator Program	2022	Cohort-based, comprehensive compliance assistance
Early Adopter Incentive	2025	Avista pays customer and then gets credit against Public Utility Tax

Energy Efficiency Engineering

Avista has offered energy efficiency engineering support for several decades, assisting customers in identifying and incentivizing energy efficient processes and equipment, and working to quantify savings. The engineering team assists commercial and industrial customers within this space.

ENERGY STAR® Portfolio Manager

Since 2009, Avista has supported customers by uploading energy use data to ENERGY STAR® Portfolio Manager. The Clean Buildings Act requirement to utilize this resource in benchmarking and reporting has significantly increased the number of customers who utilize ENERGY STAR® Portfolio Manager to track energy use at their facilities. The system provides visual tools for assessing energy use at a facility wholistically, over time.

Clean Buildings Accelerator

Avista has continued to offer a Clean Buildings Accelerator Program to guide customers through the process of compliance. This strategic energy management program educates customers about the law and provides tools including benchmarking assistance, document

preparation and controls reviews. Using a cohort-based model allows customers to learn from the facilitators and from their peers. Avista will continue offering the program based on customer interest and the activities and guidance of the Department of Commerce.

Early Adopter Incentive

Avista provides payments to customers who achieve Department of Commerce requirements for a Clean Buildings Early Adopter incentive.

Program Implementation

Avista will continue to partner with a regional expert to implement the Clean Buildings Accelerator program. The partner organization has extensive expertise in the evolving Clean Buildings space and maintains an open line of communication with the Department of Commerce. The partnership ensures that participating customers are provided with accurate coaching and valuable insights into building performance.

Program Eligibility

All commercial customers are eligible to utilize ENERGY STAR® Portfolio Manager for visibility into energy use within their facilities as well as compliance with the energy-related building standards of RCW 19.27A. Commercial customers with Tier 1 or Tier 2 buildings are eligible for participation in the Clean Buildings Accelerator Program and are recruited through Avista's AE team, social media advertisements, and word-of-mouth from prior participants.

Equity Considerations

Avista's Clean Buildings Accelerator Program is designed to support building owners, including those in Named Communities, in meeting Washington's Clean Buildings Performance Standard. The program is delivered virtually and at no cost, ensuring equitable access regardless of location or financial resources. Through outreach, coaching, and training, participants gain access to tools like ENERGY STAR® Portfolio Manager and customized energy management planning. The program's individualized coaching helps overcome barriers such as limited technical expertise, making it easier for building owners to participate and succeed.

By identifying low-cost or no-cost energy-saving opportunities, the program helps decrease operating expenses and can lead to reduced energy burden for building operators or tenants. Additionally, by improving building operating efficiency, the program contributes to lower greenhouse gas emissions and enhanced indoor air quality.

Adaptive Management Strategies

No revisions to this program are planned for 2027.

Commercial/Industrial Pilot Programs for 2027

Compressed Air Leak Detection Pilot Program

Program Description

In 2027, the company plans to continue to offer the Compressed Air Leak Detection Pilot and will evaluate results achieved throughout the year to understand the potential for a broader offering for commercial and industrial electric customers with compressed air systems. Avista will then decide whether and when to move from a pilot phase to a full program. In the meantime, the pilot program will continue to help customers identify and repair compressed air leaks using acoustic imaging technology, reducing wasted energy, lowering operating costs, and improving system reliability. Program design, incentive structure, eligibility requirements, and delivery approaches will be informed by pilot results, customer feedback, and cost-effectiveness evaluations completed in 2026.

Program Implementation

During 2027, Avista will assess whether to transition the pilot into an ongoing program. If implemented, the program would continue leveraging specialized contractors to perform leak detection assessments, support repairs, and verify completed work. Program development efforts will focus on establishing a scalable delivery model, refining customer participation processes, and minimizing administrative burden while maximizing energy savings opportunities.

Program Eligibility

Any future program offering would be available to Avista commercial and industrial electric customers operating compressed air systems that present viable energy-saving opportunities. Final eligibility requirements, including system size thresholds, customer participation requirements, and project completion criteria, will be determined following completion of the pilot evaluation and program design process.

Equity Considerations

Avista will incorporate equity considerations into program design by seeking to reduce administrative, technical, and financial barriers to participation. Building on lessons learned from the pilot, the company will continue to emphasize a streamlined delivery approach that minimizes customer effort and the need for specialized expertise. As program development continues, Avista will evaluate opportunities to increase awareness and participation among small businesses, underserved communities, and customers with limited internal resources to help ensure equitable access to energy efficiency benefits.

Adaptive Management Strategies

In 2027, Avista anticipates evaluating and potentially transitioning the Compressed Air Leak Detection Pilot into a broader program offering. Pilot performance, customer participation, operational feasibility, and cost-effectiveness findings from the pilot evaluation completed in

2026 will inform final program design details to ensure the program delivers meaningful energy savings and customer value.

Roof Top Unit Controls Pilot Program

Program Description

The Rooftop Unit (RTU) Controls Pilot evaluates the ability of artificial intelligence (AI)-driven HVAC optimization technologies to reduce heating and cooling energy consumption in small- and medium-sized commercial buildings while maintaining occupant comfort. The pilot is focused on facilities that rely on rooftop units and do not have a traditional building automation system (BAS) or energy management system (EMS), a segment that often lacks access to advanced energy management capabilities.

In 2027, Avista will continue evaluating multiple AI-based control approaches, including technologies from CarbonControl and BrainBox AI, to determine their applicability across Avista's commercial customer base. The pilot is designed to assess whether AI-enabled controls can automatically optimize HVAC operation using inputs such as weather conditions, occupancy patterns, building temperature, and equipment performance data while providing customers with enhanced visibility into HVAC operation through web-based dashboards and reporting tools.

The pilot seeks to evaluate approximately 15% heating and cooling energy savings while improving operational visibility and identifying opportunities to enhance equipment performance, reduce unnecessary runtime, and support future commercial energy efficiency program development. Pilot findings will be used to determine the potential for broader program implementation and to assess the operational, customer experience, and cost-effectiveness considerations associated with AI-based HVAC optimization technologies.

Program Implementation

In 2027, Avista will continue implementation of the RTU Controls Pilot to evaluate the effectiveness of AI-driven HVAC optimization technologies in commercial buildings. The pilot will recruit and evaluate approximately 10-20 participating customer locations and assess multiple technology solutions, including offerings from CarbonControl and BrainBox AI. Pilot activities include customer recruitment, site screening, installation of control technologies, collection of operational and energy-use data, and evaluation of customer experience, operational impacts, and energy savings potential. Eligible sites will be identified through collaboration with AEs, engineering staff, and pilot implementation partners. Pilot results will be used to assess scalability, cost-effectiveness, customer acceptance, and the feasibility of incorporating advanced RTU controls into future commercial energy efficiency offerings.

Program Eligibility

Participation in the RTU Controls Pilot is limited to selected Avista commercial customers that meet pilot screening requirements. Priority will be given to small- and medium-sized commercial facilities that utilize rooftop HVAC units, do not operate a BAS or building management system (BMS), and are willing to participate in pilot monitoring and evaluation activities. Additional considerations may include building characteristics, equipment suitability,

availability of historical utility data, internet connectivity requirements, and willingness to share operational and energy-use information necessary for pilot evaluation. Final participant selection will be based on the needs of the pilot and the ability of candidate sites to support meaningful performance evaluation.

Equity Considerations

Avista will incorporate equity considerations into the RTU Controls Pilot by evaluating technology solutions that may provide advanced HVAC optimization benefits to customers that historically have not had access to building automation systems or dedicated energy management resources. The pilot focuses on smaller commercial facilities that often face financial, technical, and operational barriers to implementing advanced control strategies. By testing lower-complexity, scalable solutions that can be deployed on existing rooftop equipment, the pilot seeks to explore opportunities to expand access to energy-saving technologies across a broader range of commercial customers.

Avista will work with AEs and community relationships throughout its service territory to identify a diverse set of participating facilities and better understand customer experiences, barriers to participation, and technology adoption challenges. Pilot findings will be used to inform future program design and help determine whether AI-enabled HVAC optimization can be delivered in a manner that is accessible, cost-effective, and beneficial for a wide range of commercial customers.

Adaptive Management Strategies

The RTU Controls Pilot has evolved from the evaluation of a single AI-based HVAC optimization platform to a broader assessment of multiple technology solutions. In 2027, Avista will continue evaluating both CarbonControl and BrainBox AI technologies to better understand the applicability of different AI-driven control approaches across a range of commercial building types and HVAC configurations. This expanded scope is intended to provide additional insight into installation requirements, customer experience, operational impacts, scalability, and energy-saving performance. BrainBox AI was added to the pilot evaluation to provide a comparison against CarbonControl and to better assess how different AI optimization platforms may address the needs of Avista's commercial customers.

Avista will continue reviewing pilot performance, customer outcomes, technology effectiveness, operational requirements, and cost-effectiveness results throughout 2027. Findings from both technology evaluations will be used to determine whether refinement, expansion, redesign, or broader program implementation is warranted and to inform the future role of AI-enabled HVAC optimization within Avista's commercial energy efficiency portfolio.

Commercial/Industrial Energy Concierge Pilot Program

Program Description

The Energy Concierge Pilot Program will evaluate opportunities to reduce energy intensity within complex industrial production systems. Industrial facilities use energy across interconnected processes such as pumping, heating, cooling, compressed air, material handling, treatment, packaging, and waste management. Although each facility is unique, these systems are generally composed of common equipment and processes whose applications and interactions create site-specific energy use patterns.

The pilot will serve up to 20 industrial customers and assess whether sustained, site-based technical support can identify actionable operational savings, improve implementation of recommended measures, strengthen understanding of customer processes, increase participation in Avista's existing energy efficiency offerings, and inform the potential development of a broader Strategic Energy Management (SEM) program.

Program Implementation

For each participating customer, an Avista Energy Efficiency Engineer will be embedded onsite for a mutually agreed period. The Engineer will develop an understanding of the facility's production systems, operating practices, personnel, and organizational culture; investigate individual processes and system interactions; and identify operational energy efficiency opportunities.

Additionally, Avista will work with Coefficient, an SEM Energy Concierge contractor, who will perform the following primary tasks:

- Task 1: Avista alignment and training
- Task 2: Customer recruitment
- Task 3: Coaching
- Task 4: Energy management assessment and customer action plans
- Task 5: Energy modeling and maintenance
- Task 6: Energy scans
- Task 7: All-customer workshops
- Task 8: Annual savings reports

Avista Engineers will identify opportunities with the customer and work with Coefficient to provide an SEM plan for the customer. Recommendations will be prioritized according to anticipated energy savings and implementation difficulty, with an initial emphasis on measures that are both effective and readily achievable. Avista will also evaluate the support, incentives, or other resources needed to help customers implement recommendations and participate in related efficiency programs.

Energy savings attributable to operational improvements will be measured and verified using International Performance Measurement and Verification Protocol Option C,[21] based on whole-facility energy performance. Capital investment measures will be addressed through Avista's Site-Specific program and excluded from the pilot's whole facility savings analysis. Program evaluation will also document customer engagement, implementation rates, identified barriers, and broader benefits associated with deeper knowledge of customer operations.

Program Eligibility

Eligibility is limited to industrial customers that are among Avista's 200 highest energy-consuming customers. Participants must support the pilot's objectives, designate appropriate facility contacts, permit reasonable onsite access, and provide the operational, production, and energy use data needed to complete the analysis and evaluate results. Participants will be selected using documented criteria that consider geographic feasibility, customer readiness, onsite process characteristics, estimated savings potential, facility size, industry representation, prior participation in Avista programs, and access to internal energy-management expertise.

Equity Considerations

The Energy Concierge Pilot provides intensive engineering support that may help facilities lacking dedicated energy management staff or technical expertise. The support provided focuses on operational improvements, including low- or no-cost measures, which can benefit customers with limited capital. Additionally, the program creates a pathway into other Avista efficiency programs and may reduce administrative and technical participation barriers.

[21] For additional information, visit the IPMVP website: IPMVP - Efficiency Valuation Organization (EVO)

Residential Portfolio Overview

Avista's residential portfolio employs a variety of strategies to engage customers and encourage energy efficiency improvements in their homes. The Midstream Program, which provides incentives for HVAC and water heating equipment, is the portfolio's largest source of residential energy savings. Additional offerings include prescriptive rebates for windows and ENERGY STAR® manufactured homes, the Home Insulation Program (HIP), which delivers insulation and air-sealing measures directly to Washington customers, and the On-Bill Repayment (OBR) Program, which provides customers with affordable financing for qualifying energy efficiency upgrades. These offerings are supported by customer education and outreach initiatives, including the residential Home Energy Audit Program.

In 2027, Avista will continue to prioritize program participation by customers residing in Named Communities and will collect data to evaluate the equitable distribution of program benefits. The company will track metrics consistent with the Customer Benefit Indicators (CBIs) established in Avista's Clean Energy Implementation Plan (CEIP), including energy efficiency incentives that directly benefit customers, energy savings achieved within Named Communities, and associated Non-Energy Impacts (NEIs) received by participating households. Program managers will also assess participation barriers and implement targeted outreach and other mitigation measures to improve access to energy efficiency programs among historically underserved customers. Additional program-specific equity considerations are provided within each individual program section throughout this *Annual Conservation Plan* (*ACP*).

For 2027, Avista anticipates approximately 7,354,502 kWh in electric savings to be achieved through residential programs with an expected spend of $1,928,512. Table 31 summarizes 2027 residential program savings and incentive spending estimates.

TABLE 31 – RESIDENTIAL PROGRAMS OVERVIEW – ELECTRIC

Residential Programs	Electric Planned Program Savings (kWh)	Expected Electric Incentive Spend
Appliances	154,442	$63,100
ENERGY STAR® Homes	21,065	$23,000
Home Energy Audit	66,934	$-
Home Energy Reports	1,992,250	$-
Home Insulation Program	19,663	$41,880
On-Bill Repayment	12,000	$7,200
Residential Midstream	4,853,118	$1,045,980
Residential Windows & Doors	235,030	$747,352
Total Residential	**7,354,502**	**$1,928,512**

For natural gas, Avista anticipates approximately 439,483 therms of savings to be achieved through residential programs in 2027, with an expected spend of $4,912,809. Table 32

summarizes 2027 residential program savings and incentive spending estimates.

TABLE 32 – RESIDENTIAL PROGRAMS OVERVIEW – NATURAL GAS

Residential Programs	Natural Gas Planned Program Savings (therms)	Expected Natural Gas Incentive Spend
Appliances	800	$5,950
Home Energy Audit	7,350	$-
Home Energy Reports	95,850	$-
Home Insulation Program	3,090	$103,365
On-Bill Repayment	1,108	$7,200
Residential Midstream	214,864	$2,041,500
Residential Windows & Doors	116,420	$2,754,793
Total Residential	**439,483**	**$4,912,809**

Residential Marketing

Avista maintains a comprehensive residential marketing strategy that has evolved from a primary reliance on traditional broadcast and print media to a broader, integrated approach aligned with its commercial marketing efforts. Current tactics include digital and search advertising, streaming and video-sharing platforms, social media, and organic and unpaid outreach. Educational and awareness messaging highlights practical energy saving tips, available rebates and programs, and customer success stories to help customers understand the benefits of energy efficiency and encourage program participation.

In 2024, Avista launched the “Power of Change” campaign across social media, streaming and digital platforms, and YouTube. The campaign provides energy efficiency tips and promotes available rebates and programs through approachable, seasonally relevant static and motion advertisements tailored to target customer groups. By reaching customers through the platforms they increasingly use for trusted information, the campaign is designed to expand awareness, strengthen engagement, and support program participation.

Based on its continued success, “Power of Change” will remain Avista’s primary residential marketing platform through at least 2027. Messaging will remain flexible and responsive, with greater emphasis on energy savings and a stronger connection between energy efficiency and customers’ everyday lives. Research conducted in late 2026 will inform the campaign’s specific messaging for 2027.

FIGURE 4 – RESIDENTIAL “POWER OF CHANGE” DIGITAL ADVERTISING CAMPAIGN EXAMPLES



Residential Programs

Residential Prescriptive Program

Prescriptive programs provide customers with a simple pathway to adopt qualifying efficiency measures by offering fixed incentives for eligible measure installations without requiring a pre-installation contract. Measures are selected based on consistent performance across typical applications and are generally low-cost, standardized technologies that do not require, or would not significantly benefit from, a customized project approach.

In 2027, Avista's Residential Prescriptive Program will include Appliances, ENERGY STAR® Homes, and Windows and Doors. Additional details regarding these offerings are provided within the respective program sections that follow.

TABLE 33 – RESIDENTIAL PRESCRIPTIVE PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	410,537
Incentives	$833,452
Non-Incentive Utility Costs	$145,831
Total Costs	**$979,283**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	117,221
Incentives	$2,760,743
Non-Incentive Utility Costs	$460,083
Total Costs	**$3,220,826**

Residential Appliances Program

Program Description

Residential appliance measures are intended to motivate customers to purchase appliances that demonstrate higher-than-average energy efficient performance by meeting ENERGY STAR® criteria for efficiency. ENERGY STAR® acts as an independent third-party, maintaining a website of qualified products and verifying the performance of various appliances. Customers are asked to provide an ENERGY STAR® certificate for each appliance, along with application and purchase documentation.

TABLE 34 – RESIDENTIAL APPLIANCE PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	154,442
Incentives	$63,100
Non-Incentive Utility Costs	$25,952
Total Costs	**$89,052**

Projected Program Metrics – Natural Gas	
Overall Therm Savings	800
Incentives	$5,950
Non-Incentive Utility Costs	$1,416
Total Costs	**$7,366**

Program Implementation

The Residential Appliance Program will be implemented through customer outreach, retailer and contractor engagement, and direct rebate processing. Eligible customers will purchase qualifying ENERGY STAR® appliances and submit an application with proof of purchase and required certification. Avista will verify customer and equipment eligibility, issue the applicable rebate, and monitor participation and savings to support effective program delivery.

Program Eligibility

All Washington residential electric customers who purchase ENERGY STAR® certified front-load clothes washers, dryers, refrigerators, and freezers are eligible for appliance rebates. All Washington residential natural gas customers who utilize a natural gas water heater and who purchase ENERGY STAR® certified front-load clothes washers are eligible for appliance rebates. Appliance rebates for natural gas dryers are also available for customers who received natural gas service from Avista.

Equity Considerations

In 2027, the Residential Appliance Program will actively advance equity by translating program materials into Spanish to better serve Avista's linguistically diverse communities. A dedicated team of Associate Program Managers will support customers, particularly those in Named Communities and rural areas, by simplifying eligibility and documentation processes. Avista has established relationships with community partners and advisory panels to guide real-time program adjustments and ensure responsiveness to local needs. These efforts will reduce participation barriers, increase awareness, and tailor services to meet the unique needs of underserved populations.

Adaptive Management Strategies

The Residential Appliance Program will retain its existing measures through the 2027 program year. While no new measures are being introduced at this time, program staff are actively reviewing Regional Technical Forum (RTF) findings and exploring additional opportunities to expand offerings.

Residential ENERGY STAR®/NEEM Manufactured Homes Program

Program Description

ENERGY STAR®-certified manufactured homes measures encourage customers who are buying a new manufactured home to invest in an energy efficient product. The ENERGY

STAR® designation allows buyers to easily identify manufactured homes that are holistically more energy efficient than standard construction. The ENERGY STAR® program ensures that certified manufactured homes represent a meaningful improvement over non-certified manufactured homes. ENERGY STAR® partners with the Northwest Energy Efficient Manufactured Housing Program (NEEM) to provide independent, third-party certification of manufactured homes. NEEM's process includes inspections at manufacturing plants to ensure that homes meet program requirements. Table 35 below provides the anticipated savings and associated expenditures for this program in 2027.

TABLE 35 – ENERGY STAR® HOMES PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	21,065
Incentives	$23,000
Non-Incentive Utility Costs	$9,600
Total Costs	**$32,600**

Program Implementation

The Residential ENERGY STAR® Manufactured Homes Program will be implemented in coordination with manufactured home retailers, manufacturers, and NEEM certification partners. Eligible customers will purchase a certified home and submit the required application, purchase documentation, and certification information. Avista will verify customer and home eligibility, process the applicable incentive, and monitor participation and energy savings to support effective program delivery.

Program Eligibility

Eligibility includes all Avista residential electric customers who purchase a certified ENERGY STAR® or ENERGY STAR® with NEEM+ manufactured home.

Equity Considerations

The Residential ENERGY STAR® Manufactured Homes Program will support equitable access to energy efficient housing by deploying dedicated associate program managers who will provide streamlined assistance to customers in Named Communities and rural areas. Through direct outreach, personalized support, and accessible communication channels, the program will ensure eligible participants can easily engage with, and benefit from, the program. Strategic partnerships with the Named Communities Investment Fund (NCIF), community organizations, and local leaders will enhance program visibility and facilitate identification of qualified households. Educational resources and tailored guidance will help customers understand the long-term value of ENERGY STAR®-certified homes, including improved energy performance, lower utility costs, and increased comfort. Additionally, continuous engagement with community stakeholders and advisory panels will ensure the program remains responsive to evolving

needs and inclusive in its design. These coordinated efforts will reduce participation barriers, expand awareness, and improve service delivery to underserved populations.

Adaptive Management Strategies

Having Avista natural gas service does not exclude a customer from participating in this program; however, to qualify for the manufactured home rebate, Avista electricity must be the primary fuel used for space and/or water heating. Although natural gas participation has historically been limited, Avista will consider expanding eligibility to natural gas customers in the future so that potential participation opportunities remain available.

Residential Windows & Doors

Program Description

This program encourages customers to improve their home's shell or exterior envelope with upgrades to windows and storm windows. Energy efficiency marketing efforts build considerable awareness of opportunities in the home and drive customers to Avista's website for rebate information. Vendors generate participation in the program using rebates as a sales tool for their services. Other communications the company uses to encourage program participation include utility website promotion, vendor training, and presentations at various customer events throughout the year.

TABLE 36 – RESIDENTIAL WINDOWS & DOORS METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	235,030
Incentives	$747,352
Non-Incentive Utility Costs	$110,278
Total Costs	**$857,630**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	116,420
Incentives	$2,754,793
Non-Incentive Utility Costs	$458,668
Total Costs	**$3,213,461**

Program Implementation

The Residential Windows & Doors Program will be implemented through customer outreach, vendor training, and rebate promotion. Eligible customers may use a qualified contractor or complete a self-installation, then submit an application with purchase and installation documentation. Avista will verify customer and product eligibility, issue the applicable tiered rebate based on window performance, and monitor participation and energy savings to support effective program delivery.

The higher projected incentive spending for natural gas reflects the program's participation mix, which has historically been weighted toward natural gas-heated homes. Based on observed participation, Avista anticipates substantially greater window and door rebate activity from customers whose homes are primarily heated by natural gas than from customers with electrically heated homes. The difference in projected spending between fuels therefore reflects expected customer participation and associated incentive payments rather than a difference in program availability or incentive structure.

Program Eligibility

All Avista Washington residential electric and natural gas customers who install qualified windows and meet all program requirements for installation are eligible for the program. Self-install options for windows and storm windows will also continue. Rebates are offered on a per-window basis and are tiered, offering a higher rebate for a lower u-factor rating.

Equity Considerations

This program will enhance equity by translating materials for linguistically diverse communities and featuring inclusive marketing that reflects customer experiences. Messaging will emphasize health, comfort, and financial benefits, especially for households with high energy burdens. Associate program managers will streamline processes to support customers in Named Communities and rural areas. Ongoing engagement with community and advisory committees will ensure responsive program adjustments. These efforts will continue to reduce barriers, increase awareness, and better reach underserved populations.

Adaptive Management Strategies

No revisions to this program are planned for 2027.

Home Insulation Program

Program Description

The Home Insulation Program (HIP), launched in August 2025, provides direct-install attic, wall, and floor insulation, duct insulation, and duct sealing to residential electric and natural gas customers in Washington. Avista delivers the program with a third-party implementation team and a network of qualified trade allies who work under program quality and installation standards. Incentives are applied at the point of sale, so customers avoid upfront costs and rebate paperwork. In 2027, expanded attic eligibility, combined with the addition of Climate Commitment Act (CCA) funding for natural gas measures[22] and support from the NCIF for electric measures, will enable the program to serve more homes while maintaining most offerings at low or no cost in Named Communities.

TABLE 37 – HOME INSULATION PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	19,663
Incentives	$41,880
Non-Incentive Utility Costs	$9,057
Total Costs	**$50,937**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	3,090
Incentives	$103,365
Non-Incentive Utility Costs	$12,176
Total Costs	**$115,541**

Program Implementation

Avista continues to partner with Resource Innovations and C+C as the third-party implementation team throughout 2027. These organizations administer the trade ally network, including contractor qualification, training, project review, and incentive payment, with C+C leading quality assurance. Customers can use Avista's website to identify participating contractors, compare available services, and obtain contact information. Customers may gather multiple bids and choose their preferred trade ally, supporting competitive pricing and customer choice. The selected contractor completes an onsite assessment, verifies eligibility, and submits project details and documentation for review. C+C reviews project submissions and conducts field inspections of completed installations across participating trade allies to help ensure consistent installation quality. Avista retains final project approval authority before incentives are issued.

The program serves residential electric and natural gas customers in Washington with under-insulated homes, with particular focus on Named Communities. Participants benefit from lower

[22] See Docket UG-260417.

energy use, improved comfort, and point-of-sale incentives that remove upfront costs and paperwork.

Program Eligibility

This program is available to residential customers in Washington who use Avista electricity or natural gas as their primary heating source and live in single-family homes, manufactured homes, condominiums, or multifamily properties of up to four units. Eligibility is based on pre- and post-installation R-value requirements for attics, floors, walls, and ducts, aligned with RTF specifications. In 2027, attic eligibility expands to homes with existing insulation up to R-19, with incentives tied by existing R-value. Duct sealing is not based on existing R-values, so homes that do not qualify for insulation may still qualify for duct sealing.

Measure eligibility is the same for electric and natural gas customers. The difference between fuel types is the funding source used for enhanced incentives in Named Communities. Electric-heated homes receive enhanced incentives supported by the NCIF, and gas-heated homes receive enhanced incentives supported by Schedule 165, “CCA-Funded Natural Gas Pilot Programs”. Named Community status is confirmed by service address.

Equity Considerations

The HIP promotes equity through enhanced incentives for Named Community participants, funded by the NCIF for electric-heated homes and Schedule 165 for gas-heated homes, allowing customers of both fuel types to access low- or no-cost improvements. The direct-install model further reduces barriers by removing upfront costs and customer paperwork, and expanded attic eligibility in 2027 serves homes that remain under-insulated but did not previously qualify. Outreach and messaging emphasize health, comfort, and financial benefits; educational tools are built into the enrollment process, and in-network contractors inform customers about the improvements available to them. Focused engagement in Tribal and rural communities, supported by events and sustained presence, will continue to expand access and participation. Ongoing collaboration with community members and advisory panels will keep the program responsive and continue to reduce barriers for underserved customers.

Adaptive Management Strategies

Consistent with Avista's adaptive management approach, several enhancements implemented in late 2026 will be in place for the full 2027 program year. Attic insulation eligibility has been expanded to include homes with existing insulation up to R-19 (previously R-11), with incentive levels tied to baseline insulation values. This change reflects customer and trade ally feedback, as well as program experience indicating that many homes with energy-saving potential fell just above the previous eligibility threshold and did not qualify. Additionally, Schedule 165 funding will provide enhanced incentives for gas-heated homes in Named Communities, mirroring and complementing the NCIF incentives already available to electric-heated homes, while the NCIF adder for floor and wall insulation will increase. Together, these enhancements

reduce customer cost barriers in Named Communities and support more equitable participation across fuel types.

Avista is also aligning measure baselines and efficiency requirements with RTF specifications and simplifying the measure list to improve consistency between projected and verified savings. In addition, the offering specific to Named Communities will focus on insulation and duct measures, while the air purifier measure will be removed. These changes direct program resources toward measures that provide the greatest long-term energy savings, comfort improvements, and bill benefits, allowing Avista to serve more customers with improvements in Named Communities.

Residential Midstream Program

Program Description

As similarly noted for the Commercial/Industrial Midstream Program, common barriers to participation in traditional downstream rebate programs include: a lack of customer awareness of rebate programs; language and technology barriers; and distributors' tendency to stock low-cost, low efficiency units because of the high cost of energy efficient equipment. Prior to the implementation of Avista's Midstream Program, customers who requested high-efficiency equipment often had to wait weeks for the equipment. By focusing efforts on distributors directly, Avista's Midstream Program leverages distributors' recognized influence over contractors and specific equipment sales while mitigating many participation barriers. Distributors work with contractors to submit claims for Avista customers, and claims are then paid promptly. This approach benefits both the customer and the company. Customers have improved equitable access, as they may receive an incentive without having to complete any paperwork or have background knowledge of the rebate program, and Avista gains additional savings without the burden of customers having to submit paperwork to the utility.

TABLE 38 – RESIDENTIAL MIDSTREAM PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	4,853,118
Incentives	$1,045,980
Non-Incentive Utility Costs	$1,240,774
Total Costs	**$2,286,754**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	214,864
Incentives	$2,041,500
Non-Incentive Utility Costs	$511,106
Total Costs	**$2,552,606**

Program Implementation

The Midstream Program is implemented through Avista's partnership with Energy Solutions and participating equipment distributors. Energy Solutions recruits and trains distributors, provides program support, and manages the claims platform. When qualifying equipment is sold through a participating distributor, the distributor works with the contractor to submit the required customer and equipment information. Energy Solutions verifies eligibility, processes the claim, and issues the applicable incentive, while Avista oversees program performance and adjusts measures and incentives as needed.

Program Eligibility

Residential customers are eligible for the program if they have Avista electric or natural gas service and install qualifying equipment through a participating contractor. Avista's

implementation partner, Energy Solutions, engages in outreach and education for distributors, who utilize a software system to enter and track claims.

Equity Considerations

The Midstream approach is inherently more equitable than the traditional downstream rebate model, as participation does not rely on customer knowledge of the program and products or customer ability to complete documentation. The program is continuously open at no cost to any interested distributor willing to complete a participation agreement. Any contractor may participate at any time by working with any participating distributor. Distributors will work with contractors to complete the required documentation. The open approach, combined with broad distributor participation, will continue to ensure program incentives are available throughout the service territory.

Adaptive Management Strategies

Avista is considering the addition of a retrofit packaged terminal heat pump measure for 2027. The company will continue to evaluate all measures offered through the midstream program and will revise program offerings or incentives as necessary.

On-Bill Repayment Program

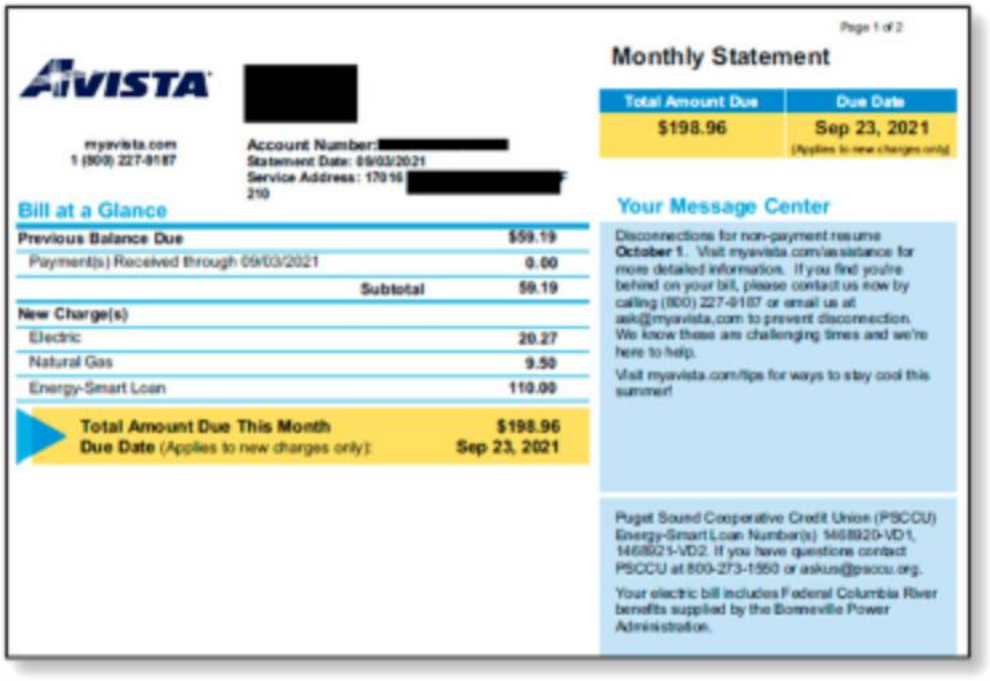
Program Description

Avista continues to partner with Puget Sound Cooperative Credit Union (PSCCU) to offer the On-Bill Repayment (OBR) Program, providing Washington customers with access to more affordable financing for qualifying energy efficiency projects.

PSCCU offers Energy-Smart Loans to Washington home and business owners that are Avista customers. These loans provide financing for energy efficiency projects, along with personalized underwriting and competitive interest rates that are lower than other options currently available in the finance market. PSCCU's favorable interest rates are further lowered by Avista subsidies to allow more customers access to energy efficiency project funding. Participants benefit from the immediate installation of energy efficiency improvements and the convenience of repaying the loan through their Avista utility bill over time. Paying the loan back as part of the customer's Avista bill further provides participants with the ease and convenience of one less bill to manage.

Customers' Energy-Smart Loan installments are billed monthly as a line item on the Avista bill until either the term of the loan is completed or Avista is otherwise instructed by PSCCU to remove the loan from the bill. Extra principal payments or early loan payoffs are made directly to PSCCU. Figure 5 below provides an example of how an Energy-Smart Loan appears on a participating customer's bill.

FIGURE 5 – ON-BILL REPAYMENT BILL EXAMPLE



Page 1 of 2

AVISTA

[redacted]

myavista.com
1 (800) 227-9187

Account Number: [redacted]
Statement Date: 09/03/2021
Service Address: 17016 [redacted]
210

Monthly Statement

Total Amount Due	Due Date
$198.96	Sep 23, 2021

(Applies to new charges only)

Bill at a Glance

Previous Balance Due	$59.19
Payment(s) Received through 09/03/2021	0.00
Subtotal	59.19
New Charge(s)	
Electric	20.27
Natural Gas	9.50
Energy-Smart Loan	110.00
Total Amount Due This Month	$198.96
Due Date (Applies to new charges only):	Sep 23, 2021

Your Message Center

Disconnections for non-payment resume **October 1**. Visit myavista.com/assistance for more detailed information. If you find you're behind on your bill, please contact us now by calling (800) 227-9187 or email us at ask@myavista.com to prevent disconnection. We know these are challenging times and we're here to help.

Visit myavista.com/tips for ways to stay cool this summer!

Puget Sound Cooperative Credit Union (PSCCU) Energy-Smart Loan Number(s): 1468920-VD1, 1468921-VD2. If you have questions contact PSCCU at 800-273-1550 or askus@psccu.org.

Your electric bill includes Federal Columbia River benefits supplied by the Bonneville Power Administration.

PSCCU's current loan interest rates are listed in Table 39 below.

TABLE 39 – ON-BILL REPAYMENT PROGRAM RATES AND TERMS

Loan Amount	$1,000 – $30,000 Residential	$5,000 – $75,000 Small Business
Interest rate	Up to 7.50% APR	Up to 7.50% APR
Term	Up to 15 years	Up to 15 years
Recording fee	$700 UCC filing fee*	Varies*
Example	$15,000 loan at 7.50% APR; 180 payments at $139.05 per month	

* Fees can be paid up front or added to the loan at the borrower's discretion.

The OBR Program customer participation journey is outlined below.

FIGURE 6 – ON-BILL REPAYMENT CUSTOMER PARTICIPATION JOURNEY

Bid & Loan Application	– Contractor works with customer to complete bid and sends documents to askus@PSCCU.org – Customer applies for the loan at www.psccu.org/Borrow/Energy-Smart-Loans. Paper applications mailed upon request.
Review	– Puget Sound Cooperative Credit Union (PSCCU) reviews bid and loan application.
Approval	– Within three business days, PSCCU communicates credit and project decision to customer and communicates loan funding decision to contractor. – Customers may also request pre-approval for a project in the near future.
Loan Documents	– PSCCU sends loan documents for electronic signatures (or sends by postal mail if needed). Customer reviews, signs, and returns.
Project Begins	– PSCCU notifies contractor when loan is ready for funding and work may begin. With permission from the borrower, a partial payment of loan amount may be deposited to the contractor.
Project Completed	– Contractor installs upgrade and submits customer-signed final invoice to the credit union to askus@psccu.org or directly to the loan officer handling the loan.
Final Payment	– PSCCU distributes remaining loan balance to the contractor. – Avista rebates can be applied for directly with Avista for qualifying projects.

Energy-Smart Loans through Avista's OBR Program are intended for customers who need assistance for upfront capital for the purchase of energy efficiency equipment and related labor. However, the program is not intended to divert income-qualified customers from obtaining no-cost weatherization services through their local Community Action Agency (CAA). To this end, processes are in place to ensure that income-qualified customers are directed first to their local CAA for qualification and potential receipt of no-cost weatherization services rather than participation in the OBR Program. Income-qualified customers may apply for an Energy-Smart Loan and participate in the OBR Program if they choose to do so, after all other options have been shared with them.

Table 40 below provides the estimated savings and associated expenses for the OBR Program in 2027.

TABLE 40 – ON-BILL REPAYMENT PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	12,000
Incentives	$7,200
Non-Incentive Utility Costs	$282
Total Costs	**$7,482**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	1,108
Incentives	$7,200
Non-Incentive Utility Costs	$221
Total Costs	**$7,421**

Program Implementation

Avista implements the OBR Program in partnership with PSCCU and participating trade allies. Contractors help customers identify eligible energy efficiency improvements, prepare project bids, and submit supporting documentation, while customers apply directly to PSCCU for an Energy-Smart Loan. PSCCU reviews the application, completes underwriting, issues loan documents, and authorizes project funding. After the selected measures have been installed, the contractor submits a customer-approved final invoice and receives the remaining loan proceeds. Avista supports program delivery through customer and contractor outreach, interest-rate subsidies, coordination of eligible rebates, and monthly billing of loan payments as a separate line item on the customer's utility bill until the loan is repaid or PSCCU directs Avista to remove the charge.

Program Eligibility

Residential and small business customers in owner-occupied buildings may be eligible for OBR; funded measures must be fueled by Avista. An eligible projects list created by Avista and supported by Washington State's Clean Energy Fund program guidelines is maintained on both

Avista's and PSCCU's websites; customers can refer to the list when considering this funding solution for their project.

Equity Considerations

OBR promotes equity by delivering targeted outreach that highlights the health, comfort, and financial benefits of energy efficiency, especially for households with high energy burdens. Customers can finance improvements through a bank loan integrated with their Avista utility bill, eliminating the need for upfront payment. This program also makes financing more accessible than other funding opportunities, because Avista subsidizes the cost of the loan, making loans more attainable and monthly payments more manageable than in a non-subsidized loan scenario. Associate program managers will continue to streamline support for customers in Named Communities and rural areas through direct outreach and accessible communication channels. Ongoing collaboration with community and advisory panels will ensure the program remains responsive and inclusive. These efforts are reducing barriers, increasing awareness, and improving service to underserved populations.

Adaptive Management Strategies

Avista will offer a loan rate of 7.5% for the OBR program in 2027. Avista recognizes the key to the program's success is Avista's trade allies, who will help promote and deliver the program. Multi-channel Avista marketing efforts also drive customers to the OBR Program. Additionally, stronger alignment with Avista's Midstream Program is planned to begin in 2027.

Home Energy Audit Program

Program Description

The Home Energy Audit Program is designed to educate customers about energy conservation, increase engagement with Avista's energy efficiency programs, and promote awareness of both energy efficiency and renewable energy options. Energy savings from direct-installation measures are captured through the program. Additional savings may also result when participants implement recommended efficiency improvements. Where applicable, these measures qualify for Avista incentives, and the associated savings are captured through the relevant rebate programs.

Key components of this program include:

- Professional home energy assessments conducted by a knowledgeable and qualified home inspector with energy auditor credentials.
- Direct-installation measures such as pipe insulation and LED lighting.
- Marketing and outreach activities that encourage customer participation.
- Energy efficiency education that increases awareness of how behavioral choices impact energy use and informs customers about Avista's energy efficiency programs, products, services, and rebates.

The Avista website also provides information about program eligibility, participation requirements and available energy-saving opportunities. Customers who participate in the program receive a comprehensive Home Energy Assessment Report that identifies energy-saving measures specific to their home and includes information on direct installation measures, recommended improvements, and educational resources.

TABLE 41 – HOME ENERGY AUDIT PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	66,934
Incentives	$-
Non-Incentive Utility Costs	$1,963
Total Costs	**$1,963**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	7,350
Incentives	$-
Non-Incentive Utility Costs	$1,468
Total Costs	**$1,468**

Program Implementation

The program will continue to serve residential customers throughout Avista's service territory in 2027, with efforts focused on increasing participation among underserved customers,

including income-qualified households, renters, and rural communities. Avista will also implement the results of its competitive Request for Proposals (RFP) process for program delivery. The selected contractor will support program success by maintaining adequate staffing and operational capacity to meet program demand, ensuring timely service delivery, and providing high-quality customer experience. Avista will monitor contractor performance through participation levels, customer satisfaction metrics, and compliance with program requirements and reporting standards.

Program Eligibility

The Home Energy Audit Program is available to residential customers who use Avista electricity or natural gas as their primary heating source. Customers must provide access to the residence so a qualified auditor can assess energy use, install eligible direct-install measures, and prepare a customized Home Energy Assessment Report. Recommendations identified through the audit may qualify for separate Avista rebates or other efficiency programs, subject to the eligibility requirements in effect for those offerings.

Equity Considerations

Avista will incorporate equity into the Home Energy Audit Program by expanding access to energy efficiency services and targeting outreach to underserved customers, including income-qualified households, renters, and rural communities. The program explores multiple delivery methods, including traditional in-person audits, virtual assessments, and do-it-yourself (DIY) options, to provide greater flexibility and accessibility. The evaluation of these delivery methods is currently underway as part of the program's RFP process, and final decisions have not yet been made.

Customers are also connected with available rebates, energy efficiency resources, and support in understanding next steps. Avista will continue to evaluate participation and delivery practices to improve accessibility and ensure program benefits are available across its service territory, with a focus on helping customers identify opportunities to lower energy use, reduce energy costs, and improve home comfort.

Adaptive Management Strategies

The Home Energy Audit Program is currently undergoing a competitive RFP process for program delivery services. As a result, modifications to program design, delivery methods, customer experience, or implementation processes may occur in 2027 based on the outcome of the RFP and subsequent contract negotiations.

The RFP process is intended to ensure that the program continues to provide high-quality energy efficiency services, optimizes customer engagement, and aligns with Avista's energy efficiency objectives. Any program changes resulting from the RFP will be evaluated to maintain or enhance customer value, program effectiveness, and energy savings opportunities. Because the RFP process is still underway, specific program revisions have not yet been

finalized. Additional details will be provided at a future Energy Efficiency Advisory Group (EEAG) meeting once program design and implementation decisions are complete.

Home Energy Reports (HERs) Program

Program Description

Avista launched its HERs program in the second quarter of 2025 for randomly selected residential dual-fuel and electric-only customers. Leveraging a data-driven approach, the program provides customers with personalized insights into household energy use and identifies opportunities to reduce consumption. The reports may also include comparative energy usage data for similar homes located in the same geographic area. The information provided through the reports is consistent with the information available through Avista's website and MyAccount portal.

Unlike the MyAccount platform, which requires customers to actively seek information regarding their usage, HERs deliver customized energy-use insights directly to customers. This proactive, multichannel approach is intended to enhance customer engagement, raise awareness of energy-saving opportunities, and encourage behavioral changes that reduce energy consumption. Report cadence varies depending on the customer cohort, with participants receiving quarterly mailed reports, monthly email reports, or both.

The HERs program launched as an educational initiative in late 2025 and began to generate measurable energy savings in 2026. First year energy savings estimates for the program are shown in Table 42. The program is currently scheduled to continue through the second quarter of 2027, with continuation of the program dependent on the results of the performance evaluation to be completed at that time. Through partnership with other utilities, Staff, advisory groups, and other involved parties, Avista will strive to evaluate the savings of the HERs program based on the most up-to-date and accurate methodology.

TABLE 42 – HOME ENERGY REPORTS PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	1,992,250
Incentives	$-
Non-Incentive Utility Costs	$46,815
Total Costs	**$46,815**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	95,850
Incentives	$-
Non-Incentive Utility Costs	$19,142
Total Costs	**$19,142**

Program Implementation

Avista implements the HERs program by assigning randomly selected eligible residential customers to report cohorts and delivering personalized energy use information through mailed

reports, email reports, or both. Reports are issued according to each cohort's established cadence and use customer billing and usage data to compare household consumption with similar homes, highlight changes over time, and provide practical energy saving recommendations. Customers can also review related usage information through their MyAccount, reinforcing the report messaging across multiple channels. Avista monitors report delivery, customer engagement, and measured energy savings throughout the program period to assess performance and inform future program decisions.

Program Eligibility

Program participants are randomly selected from eligible residential customers who receive both electric and natural gas service or electric-only service from Avista. To support the development of meaningful household comparisons and measurement of changes in energy use over time, customers must have a single active premise and more than 12 months of usage history at that premise.

Equity Considerations

HERs provide itemized appliance operating costs, comparisons of a customer's energy use and expenses against similar households, and actionable tips to save energy and money. By delivering these reports directly to customers, Avista promotes engagement and awareness in energy efficiency while reducing administrative burden for customers, a known barrier to program participation.

Adaptive Management Strategies

The current program design and vendor contract are scheduled to conclude in the third quarter of 2027. Prior to that date, Avista will evaluate program performance using available findings related to realized energy savings, customer engagement, report delivery, cost-effectiveness, and differences in results across customer cohorts and communication channels. The review will help determine whether the HERs program should continue, be modified, or conclude after the current term.

Residential Pilot Programs for 2027

Dual Fuel/Hybrid Heat Pump Study

Program Description

In 2027, Avista will conclude a two-year study evaluating the performance differences between cold-climate heat pumps and standard heat pumps, both paired with natural gas furnaces for backup heating.

The study is designed to assess the technical feasibility and customer acceptance of these technologies as potential offerings within Avista's energy efficiency portfolio. In addition to system performance, the study examines economic, environmental, behavioral, and comfort-related factors that influence customer decisions regarding major HVAC upgrades and participation in clean energy technologies.

Working with third-party HVAC and evaluation contractors, Avista installed 12 hybrid heat pump systems in the fall of 2024, including six cold-climate heat pumps and six standard heat pumps paired with natural gas backup furnaces. Performance monitoring equipment was also installed in participating homes to collect detailed operating data over two heating and cooling seasons.

In 2025, weatherization measures were installed in half of the participating homes within each study group to evaluate the impacts of heat pump sizing and building envelope improvements on system performance.

Field data collection is scheduled to conclude with the removal of monitoring equipment from participating homes during the third quarter of 2026. Following completion of data collection, Avista and its evaluation contractors will conduct final analysis, measurement and verification activities, with study results and final reporting expected to be completed by March 2027.

Equity Considerations

Equity considerations for this study include evaluating whether hybrid heat pump technologies can provide reliable comfort, manageable operating costs, and practical access for customers with varying household incomes, housing conditions, and energy burdens. Participant feedback and study results will help identify potential barriers such as upfront equipment costs, financing needs, installation complexity, and the suitability of homes for heat pump and weatherization upgrades. Avista will use these findings to consider how future program designs, incentives, outreach, and contractor support could reduce participation barriers and broaden access to efficient heating and cooling technologies, particularly for customers who may otherwise be unable to complete major HVAC improvements.

Adaptive Management Strategies

No revisions to this pilot are planned for 2027. With field data collection completed and monitoring equipment removed from participating homes in 2026, 2027 activities will focus on final analysis, measurement and verification, and reporting. Final study results are expected to be available in March 2027 and will inform future program planning and technology assessments.

Spokane Cooling Ordinance

Program Description

In July 2026, the Spokane City Council passed Ordinance C36877, the Renters' Right to Cooling Ordinance (Spokane Cooling Ordinance), establishing new cooling requirements for rental housing in Spokane, WA. The ordinance expands tenant protections by requiring landlords to maintain at least one adequately cooled room within each rental dwelling. It also requires cooling equipment in all new residential construction beginning January 1, 2027, and adequate cooling in all bedrooms by January 1, 2032.

In 2027, Avista will evaluate solutions that align with and support implementation of the Spokane Cooling Ordinance. The company will explore how existing programs – including weatherization, the HIP, and the NCIF – can support energy efficiency improvements for buildings that may require cooling upgrades. This approach is intended to advance access to cooling while helping to mitigate potential unintended affordability impacts for customers and community-serving organizations.

Avista will also partner with the City of Spokane and with Spokane Neighborhood Action Partners (SNAP) to launch a public awareness campaign focused on heat preparedness and resiliency. The campaign will provide information on staying safe during high-heat events, understanding and managing energy use, accessing energy assistance programs, and connecting with available community heat-safety resources.

Program Implementation

Avista plans to work alongside community partners to identify practical, energy efficient solutions that support compliance with the Spokane Cooling Ordinance. Key implementation considerations include alignment with Avista's energy efficiency objectives, Clean Energy Transformation Act (CETA) requirements, affordability, and relevant Customer Benefit Indicators (CBIs).

The company plans to evaluate and pilot cost-effective energy saving strategies, which could include more efficient cooling equipment alternatives as well as weatherization services. NCIF is also considering packaged support options for nonprofits and affordable housing providers that may need assistance meeting Ordinance requirements while maintaining affordability for the communities they serve.

To better understand who may benefit from enhanced weatherization services, Avista plans to partner with MyHeat in 2027. MyHeat, a Canadian company that develops interactive mapping tools to help reduce energy waste in buildings by visualizing heat loss, will provide Avista with a detailed heat loss map of buildings in the City of Spokane, with each building assigned a MyHeat rating, which indicates the quality of the building's envelope. This building-level data will allow the company to direct outreach to buildings and communities most in need of weatherization.

Bidgely's Analytics Workbench (AWB), an existing resource used to support other energy efficiency programs, will also be used to provide data for this effort. AWB was deployed during initial Cooling Ordinance meetings with the City of Spokane to detect the total number of renters in Spokane, with populations segmented by fuel source, cooling detection, and Named Communities. The platform can also identify high-usage customers, properties experiencing cooling degradation, and other relevant factors to help prioritize outreach. Integrating the MyHeat and AWB data will enable more dynamic evaluation.

Equity Considerations

Equity will be incorporated by leveraging existing Avista programs that are designed to prioritize support for Named Communities. These programs use available demographic and census-based data, along with program-specific eligibility criteria, to help direct resources toward customers and community-serving organizations that may face the greatest barriers to cooling access, affordability, and energy efficiency upgrades. Avista's response will seek to support compliance with the Spokane Cooling Ordinance in a way that reduces cost burdens, improves access to safe indoor temperatures, and aligns with broader clean energy and customer benefit goals.

Demand Response Programs

Through a series of pilot efforts over nearly two decades, Avista has developed a foundational knowledge regarding customer participation, technology performance, end-use load capabilities, program design, and cost-effectiveness of Demand Response (DR) programs. Although DR has not historically been selected as part of the company's preferred resource strategies because other supply-side and demand-side resources were better suited to meet the need, these pilot activities have provided valuable operational experience and market understanding that inform the company's evaluation of demand response as a potential future system resource.

As resource needs and market conditions have evolved, Avista's 2025 *Integrated Resource Plan* (*IRP*) identified demand response as a potentially cost-effective resource for future capacity needs. This finding was reinforced through Avista's 2025 All-Source Request for Proposals (RFP)[23] process, in which demand response resources competed alongside other supply- and demand-side resource options. As a result, two demand response resources were selected for acquisition, with contracting and implementation activities occurring in 2026.

In 2027, Avista will have two new DR programs offerings available to customers, including a residential bring-your-own-thermostat program and a commercial and industrial program delivered through a third-party aggregator. Avista will also engage with its Energy Efficiency Advisory Group (EEAG) and other interested parties through focused discussions on the analysis and evaluation of the company's existing Time-of-Use (TOU) Rates Pilot and Peak Time Rebate (PTR) Pilot. These discussions will help to inform whether the pilot programs should be expanded and offered on a broader scale.

Administrative costs associated with DR programs are authorized and funded through Schedule 91 but are excluded from energy efficiency cost-effectiveness calculations. These costs include Avista staff labor, customer education and marketing, and third-party evaluation activities. Program incentives and other contracted DR program costs are recovered through power supply costs reflected in general rates.

Avista has established MyEnergy Rewards as the umbrella brand for its DR offerings. Individual programs will be marketed under the MyEnergy Rewards brand and identified by the specific program type (e.g., *MyEnergy Rewards: Smart Thermostat Program*). Together, these programs and pilot evaluations will help Avista assess the role of DR as a long-term resource for meeting customer needs, supporting grid reliability, and managing future capacity requirements.

[23] Avista All-Source RFP: https://www.myavista.com/about-us/integrated-resource-planning/2025-all-source-rfp

MyEnergy Rewards: Smart Thermostat Program

Program Description

This new residential DR program enables customers with eligible smart thermostats to participate in automated load reduction events during the summer season, from June 1 through September 30. Participants may be called upon for up to 80 hours of demand response events each season, with individual events lasting no more than four hours.

Customers may enroll through their thermostat manufacturer via mobile application or email invitation, subject to eligibility verification. As Avista gains additional experience implementing the program, it may evaluate and introduce alternative enrollment approaches to reduce participation barriers and expand customer access. Participating customers receive an enrollment incentive following verification, along with ongoing participation incentives paid in equal monthly installments during the program season. Avista will continue to develop and refine customer recruitment, education, engagement, and enrollment strategies to support program participation and long-term customer satisfaction.

Equity Considerations

Program materials and online resources will be available in both English and Spanish and will provide educational information and clear, step-by-step participation instructions. The program has been designed to be flexible by providing easy options to opt-out. Marketing and outreach efforts will utilize a variety of communication channels to reach eligible residential customers with low-voltage thermostats for central air conditioning. Outreach strategies will also include engagement with Avista's Named Communities to help increase awareness and support equitable access to program benefits.

MyEnergy Rewards: Commercial/Industrial Demand Response

Program Description

This new program provides eligible commercial and industrial customers with an opportunity to reduce electricity demand during periods of peak system needs. The program is administered in partnership with a third-party implementation provider that works collaboratively with Avista to recruit and enroll participants.

Customized demand reduction strategies are developed with participating customers based on the operational capabilities of their facilities. Customers may be called upon to participate in up to 20 demand response events annually, with individual events lasting up to five hours. Event notifications may be provided either one day or one hour in advance.

Customers receive capacity payments plus performance incentives based on their participation across demand response events. Avista's Account Executive (AE) team supports program delivery by coordinating customer outreach, facilitating introductions to the implementation team, and assisting with participant questions and issue resolution.

Equity Considerations

Avista will collaborate with its implementation partners to actively recruit Commercial/Industrial customers across its service territory to meet system peak reduction goals, including customers in more targeted areas such as Named Communities and rural locations.

Peak Time Rebate (PTR) Pilot Program

Program Description

In June 2024, Avista launched a two-year PTR pilot for a limited number of Washington residential and small commercial electric customers. The pilot was designed to evaluate whether a PTR program can effectively reduce customer electricity usage during periods of high system demand. Additional objectives include assessing customer participation, energy conservation impacts, and potential savings opportunities through incentive payments for load reductions during event periods.

The pilot was established as a result of Avista's 2021 Washington general rate case (GRC)[24] and was developed with input from advisory groups and interested stakeholders. The resulting Schedule 84, “Peak Time Rebate”, was approved by the Commission on June 1, 2023.[25]

Avista filed a first-year progress report in Docket UE-230212 on December 31, 2025. Following completion of the pilot term on May 31, 2026, Avista initiated a comprehensive evaluation of the pilot performance, including quantitative and qualitative findings from the full two-year study period. A final evaluation report summarizing the results will be filed by November 30, 2026.

In 2027, Avista will engage with the EEAG and other stakeholders to review the evaluation findings and develop a recommendation regarding the future of a potential PTR offering. The company's recommendation will subsequently be filed with the Commission.

Equity Considerations

Equity considerations for the PTR pilot include providing online program materials in both English and Spanish to support broader accessibility, as well as making the offering available to customers participating in Avista’s My Energy Discount (MED) bill assistance program. The 2026 pilot evaluation will help to determine whether the current program design should be made permanent or adjusted.

Time of Use (TOU) Rates Pilot Program

Program Description

Along with the PTR pilot, Avista also launched a TOU rates pilot in June 2024 for a limited number of Washington residential and small commercial electric customers for a two-year period. The TOU pilot included two different rate options and was designed to evaluate whether

[24] See Dockets UE-200900, UG-200901, and UE-200894 (*Consolidated*), Final Order 08/05, Partial Multiparty Settlement Stipulation, Sec. 13.
[25] See Docket UE-230212.

TOU rate structures can encourage customers to shift electricity usage away from periods of peak demand to lower-demand periods. Additional pilot objectives include its potential impacts on system reliability, customer bill savings opportunities, energy conservation, and customer acceptance of time-based rate designs.

The pilot rates were developed in conjunction with the PTR pilot and stem from the same stipulation provisions established in Avista's 2021 GRC. The resulting rate Schedules 07, 08, 17, and 18 were approved by the Commission on June 1, 2023, through Docket UE-230212.

As with the PTR pilot, the TOU pilot was included in the first-year progress report filed in Docket UE-230212 and in the comprehensive review of both pilots following completion of the pilot term on May 31, 2026. The final evaluation report, to be filed by November 30, 2026, will summarize quantitative and qualitative findings from the full two-year study period for both pilots.

During 2027, Avista will engage with the EEAG and other stakeholders to review the evaluation results and develop recommendations regarding the future of the PTR and TOU offerings, which will subsequently be filed with the Commission.

Equity Considerations

Equity considerations for the TOU pilot include providing online program materials in both English and Spanish to support broader accessibility, as well as making the offering available to customers participating in Avista’s MED. The 2026 pilot evaluation will help to determine whether the current program design should be made permanent or adjusted.

Low-Income Portfolio Overview

Low-Income Weatherization Program

Avista's Low-Income Weatherization Program is delivered through partnerships with eight Community Action Agencies (CAAs), including one Tribal Housing Authority, throughout the company's Washington service territory. Through bi-annual contracts, Avista provides funding that allows agencies to deliver customized weatherization services tailored to the unique needs of income-qualified households. This flexible approach enables agencies to combine energy efficiency improvements, health and safety measures, and essential home repairs to maximize customer benefits and improve long-term housing quality.

TABLE 43 – LOW-INCOME PROGRAM METRICS

Projected Program Metrics – Electric	
Overall kWh Savings	347,585
Incentives	$1,765,715
Non-Incentive Utility Costs	$101,917
Total Costs	**$1,867,632**
Projected Program Metrics – Natural Gas	
Overall Therm Savings	17,800
Incentives	$3,372,044
Non-Incentive Utility Costs	$60,754
Total Costs	**$3,432,797**

As trusted community partners, CAAs play a critical role in identifying and qualifying eligible customers and leveraging additional funding sources to deliver comprehensive solutions that address household energy needs. Together, Avista and its partner agencies share a common goal of reducing energy burden, improving home comfort and safety, and increasing energy efficiency for income-qualified customers.

Agencies serving Avista's Washington service territory receive an annual aggregate funding allocation of $5 million. This funding supports a comprehensive range of services, including energy efficiency upgrades, health and safety improvements, essential home repairs, agency administration, and overall program support. Funding is available for both electric and natural gas weatherization programs.

Consistent with the goals of the Clean Energy Transformation Act (CETA) and applicable conservation plan requirements, Avista prioritizes services for households experiencing high energy burden, elevated energy usage, or other qualifying characteristics, including seniors, individuals with disabilities, Tribal communities, and other historically underserved populations.

Through ongoing collaboration with CAAs and local partners, Avista strives to ensure eligible customers have equitable access to energy efficiency services and the benefits they provide.

Although funding is allocated to individual agencies, Avista maintains flexibility to respond to evolving community needs and changing market conditions, ensuring resources can be directed where they will have the greatest impact. Budget allocations represent annual funding levels but may be adjusted at Avista's discretion to support program participation and customer needs.

Table 44 shows the annual funding allocation by agency and counties served. Contract amounts include funding for both electric and natural gas weatherization programs.

TABLE 44 – LOW-INCOME PROGRAM FUNDING BY COMMUNITY ACTION AGENCY

Agency	County	Funding
Spokane Neighborhood Action Partners	Spokane	$3,200,000
Rural Resources Community Action	Ferry, Lincoln, Pend Oreille, Stevens	$470,000
Community Action Center	Whitman	$350,000
Opportunities Industrialization Council	Adams, Grant	$190,000
Spokane Indian Housing Authority	Stevens County	$50,000
Northwest Community Action Center	Klickitat, Skamania	$45,000
Benton Franklin County Community Action	Franklin	$45,000
Community Action Partnership	Asotin	$620,000
Set aside/TBD	–	$30,000
Total		**$5,000,000**

Agencies are authorized to allocate up to 30 percent of contract funding for administrative cost reimbursement. Additionally, up to 30 percent of contract funding may be used for health, safety, and essential home repairs. This flexibility allows agencies to address conditions that may otherwise prevent energy efficiency improvements from being installed and helps ensure the long-term effectiveness of weatherization investments.

TABLE 45 - LOW-INCOME APPROVED MEASURES AND DIRECT CUSTOMER BENEFITS

	Projected Participation		Funding	Per-Unit Savings		Direct Benefit to Customer
Air Infiltration - Electric	51	Units	Fully Fund	96.19	kWh	$1,557.63
Attic Insulation - Electric	32,557	Sq. Ft.	Fully Fund	0.80	kWh	$3.08
Conversion to Air Source Heat Pump - Electric	43	Units	Fully Fund	5,781.13	kWh	$7,819.50
Conversion to Ductless Heat Pump - Electric	5	Units	Fully Fund	907.72	kWh	$10,589.96
Door Sweep - Electric	3	Units	Fully Fund	14.08	kWh	$165.79
Duct Insulation - Electric	2,325	Units	Fully Fund	1.47	kWh	$4.72
Duct Sealing - Electric	8	Units	Fully Fund	737.36	kWh	$2,603.67

	Projected Participation		Funding	Per-Unit Savings		Direct Benefit to Customer
Exterior Doors - Electric	48	Units	Fully Fund	48.51	kWh	$1,480.19
Floor Insulation - Electric	37,173	Sq. Ft.	Fully Fund	0.60	kWh	$8.61
LED - Electric	89	Units	Fully Fund	-	kWh	$10.34
Storm Windows - Electric	13	Units	Fully Fund	5.47	kWh	$13.22
Wall Insulation - Electric	1,560	Sq. Ft.	Fully Fund	1.25	kWh	$6.66
Windows - Electric	2,903	Sq. Ft.	Fully Fund	9.48	kWh	$74.92
Air Infiltration - Natural Gas	138	Units	Fully Fund	12.96	Therms	$2,717.01
Attic Insulation - Natural Gas	91,368	Sq. Ft.	Fully Fund	0.05	Therms	$3.20
Duct Insulation - Natural Gas	925	Sq. Ft.	Fully Fund	0.10	Therms	$12.81
Duct Sealing - Natural Gas	14	Units	Fully Fund	40.60	Therms	$2,725.50
Exterior Doors - Natural Gas	107	Units	Fully Fund	3.40	Therms	$1,405.14
Floor Insulation - Natural Gas	37,074	Sq. Ft.	Fully Fund	0.05	Therms	$3.91
Natural Gas Furnace - Natural Gas	54	Units	Fully Fund	43.44	Therms	$9,455.11
Wall Insulation - Natural Gas	25,039	Sq. Ft.	Fully Fund	0.07	Therms	$2.79
Water Heater - Storage - Natural Gas	8	Units	Fully Fund	12.59	Therms	$3,559.06
Windows - Natural Gas	7,739	Sq. Ft.	Fully Fund	0.51	Therms	$72.16

In 2027, Avista will continue to fully fund many common electric energy efficiency measures and qualifying health and safety improvements when paired with approved efficiency measures. Direct install LED measures will remain fully funded, and program implementation decisions will continue to be guided by customer benefit, energy savings potential, cost-effectiveness, and agency feedback.

Pursuant to WAC 480-109-100(10)(a), measures identified through the deemed measure priority list in the Weatherization Manual are considered cost-effective. Agencies may use available health, safety, and repair funding to cover the full cost of eligible measures when other funding sources are not available. Agencies are encouraged to collaborate with Avista when identifying opportunities that fall outside existing approved measure lists or when innovative approaches may better serve customer needs.

At the conclusion of the program year, Avista will continue reporting on participation levels, energy savings, and the impact of low-income conservation programs on reducing customer energy burden. The company remains committed to identifying and addressing barriers to participation while ensuring equitable access to energy efficiency services for all eligible customers.

Low-Income Agency Workforce Development Initiative

Avista remains committed to strengthening the capacity of its CAA partners through targeted workforce development and professional training opportunities. The Workforce Development Initiative was established to address training gaps identified by partner agencies and has evolved into an important component of Avista's low-income program strategy.

In 2027, Avista will continue collaborating with its CAA partners and the Building Performance Center to deliver training opportunities designed to meet the evolving needs of local weatherization professionals. Training offerings will continue to emphasize Healthy Housing Principles while supporting technical skill development, program compliance, and industry best practices.

Key offerings will include Building Analyst Technician (BA-T) training opportunities with local proctored field examinations, individualized Program Manager coaching and technical assistance, and additional training opportunities identified through direct agency feedback. By bringing training opportunities closer to the communities served, Avista helps reduce travel barriers, improve workforce retention, and expand local weatherization expertise throughout its service territory.

Agency feedback continues to demonstrate the value of accessible, locally delivered training opportunities, particularly as agencies work to navigate changing funding landscapes and workforce challenges. Avista remains committed to investing in workforce development and strengthening partnerships with CAAs to better serve income-qualified customers.

Through continued collaboration with agency partners and industry stakeholders, Avista will support a skilled and resilient workforce capable of delivering high-quality weatherization services and advancing energy efficiency outcomes across the communities it serves.

Named Communities Investment Fund

Avista is committed to ensuring that customers in Named Communities benefit from the transition to clean energy. In 2027, the Named Communities Investment Fund (NCIF) will continue to make up to $2 million available annually for energy efficiency projects benefiting highly impacted and vulnerable populations, subject to approved funding and applicable program requirements. NCIF investments are intended to reduce energy burden, improve building performance and comfort, and increase participation in Avista programs.

Equity is central to NCIF program design and implementation. Each proposed project will be considered for alignment with Avista's Customer Benefit Indicators (CBIs), clean energy objectives, and anticipated benefits for Named Communities. Review will consider who is served, the burdens addressed, the accessibility and durability of benefits, the applicant's connection to the community, and whether NCIF support helps overcome financial or capacity barriers that could prevent the project from moving forward.

Beginning in 2025, Avista launched a paid and organic video series highlighting NICF projects. The series features nonprofits and community partners whose projects were made possible through this funding. One video highlighted a nonprofit senior apartment complex in rural Colfax that replaced leaky windows, improving resident comfort and reducing energy use. Another featured Family Promise of Spokane, which upgraded its 1940s-era single-pane windows and replaced an outdated heating and cooling system with high-efficiency heat pumps for its upstairs family apartments. Since launch, the series has generated more than 500,000 impressions across 33 videos[26]. Content from this series will continue to be shared in different formats through 2027.

In 2027, Avista will continue dedicated outreach to organizations serving hard-to-reach and underserved customers, with attention to rural and tribal communities, multifamily residents, manufactured-home residents, people without stable housing, and other highly impacted or vulnerable populations. Outreach will include direct engagement through Avista Account Executives (AEs) and program staff, site visits, one-on-one technical assistance, partner referrals, the NCIF website, earned media, community publications, social media, and coordination with trusted partners.

Avista will continue offering application support and using applicant and recipient feedback to reduce participation barriers. Application improvements will focus on clearer language, easier navigation, stronger explanation of eligibility and CBIs, and a more human-centered applicant experience. Application materials will continue to be available in digital and paper formats, with a Spanish-language version available.

[26] Full video playlist can be found at myavista.com/NCIF.

Funding recommendations will be documented and reviewed consistently using community priorities, program criteria, project-specific due diligence, and cross-functional oversight. Post-award feedback and project reporting will help Avista assess participant experience, program accessibility, community outcomes, and opportunities to improve future delivery.

Community Identified Projects

The NCIF program advances the company's clean energy efforts by funding community-proposed projects that align with priorities set by the Equity Advisory Group (EAG). This group – made up of customers and community representatives from Avista's Washington service area – serves as a guiding voice in identifying and prioritizing initiatives for Named Communities. Their recommendations form the foundation for evaluating and awarding NCIF support. Table 46 below outlines the energy efficiency initiatives identified by the EAG that shape the NCIF funding framework.

TABLE 46 – EQUITY ADVISORY GROUP'S ENERGY EFFICIENCY INITIATIVES FOR NAMED COMMUNITIES

Rank	EAG Energy Efficiency Initiatives
1	Improve awareness and energy efficiency opportunities for the Spokane Tribe, residents of multifamily buildings, and residents of manufactured homes
2	Increase the tree canopy
3	Increase access to energy efficiency products and appliances
4	Increase awareness and engagement in energy efficiency programs
5	Match funds for energy efficiency grant applications to community-based organizations and tribal partners
6	Improve energy efficiency for those without stable housing

NCIF will continue advancing community-identified projects proposed by nonprofit organizations, tribal organizations, community-based organizations, schools, affordable housing providers, faith-based organizations, and other eligible entities serving Named Communities. In 2027, Avista will continue implementing previously committed projects while reviewing new proposals. Program staff will work with applicants to clarify project scopes, document eligible costs, identify the appropriate funding source, and support projects that may not otherwise advance without NCIF assistance. Avista will also coordinate the electric energy efficiency portion of NCIF with the Climate Commitment Act (CCA)-supported NCIF pilot for eligible gas-related energy efficiency and decarbonization projects through the pilot's approved funding period.

Avista will maintain ongoing engagement with the EAG, Energy Efficiency Advisory Group (EEAG), community-based organizations, and public participants. An internal oversight group representing energy efficiency, social impact, regulatory, corporate communications, internal audit, and clean energy functions will continue supporting project review, funding recommendations, implementation oversight, and alignment with program requirements.

Program improvement efforts in 2027 will include simplifying application language, clarifying eligibility and CBIs, reducing barriers for applicants, and encouraging a broader range of community-driven project ideas. Avista will continue monitoring project commitments, expenditures, milestones, outcomes, and recipient feedback to inform spending decisions and future program improvements.

Tribal Outreach Initiatives

In 2027, Avista will continue to strengthen relationships with Tribal communities through targeted outreach and engagement efforts designed to increase awareness of energy efficiency programs and services. Working collaboratively with Tribal leaders, community organizations, and Tribal members, Avista will provide education, resources, and direct program support to help reduce energy costs and increase participation in energy efficiency and customer assistance programs.

Spokane Tribe Outreach

Avista will continue its partnership with the Spokane Tribe by supporting ongoing community outreach activities in Wellpinit and surrounding areas. Building on previous engagement efforts, Avista plans to participate in community events, provide program education, and coordinate with Tribal departments and community partners to increase awareness of available energy efficiency programs. Outreach activities may include information about the Home Insulation Program (HIP), My Energy Discount (MED) Program, weatherization services, and other customer assistance offerings. Avista will continue working with Tribal representatives to identify effective communication channels and outreach strategies that reflect community priorities and encourage participation in energy efficiency programs.

Colville Tribe Outreach

In 2027, Avista will continue to implement a Tribal Outreach Pilot Project on the Colville Reservation to better understand community needs, improve program awareness, and increase participation in energy efficiency and customer assistance programs. The pilot project will focus on targeted outreach for the HIP, MED Program, and Small Business Lighting Program while working collaboratively with Tribal representatives and community stakeholders to identify effective engagement strategies. Lessons learned through the Pilot will help inform future outreach efforts and support Avista's commitment to building long-term relationships with Tribal communities throughout its service territory.

An initial collaboration meeting in fall 2026 established a starting point for the Colville outreach pilot and helped identify areas for continued coordination and planning. Additional discussions in late 2026 and early 2027 will build on that foundation, incorporate Tribal guidance, and further define outreach activities.

Avista’s collaboration approach for this pilot rests on four guiding principles:

1) Listen before acting by beginning with community perspectives, experiences, and priorities rather than assumptions or a predetermined outreach plan.
2) Build trust by communicating clearly, being transparent about both the opportunities and the limitations of programs, and following through consistently on commitments.

3) Work collaboratively by pairing Tribal members' community knowledge with Avista's program expertise to shape outreach and customer support.
4) Commit to learning and adjusting throughout the pilot by tracking what works, identifying barriers, and changing course when an approach isn't effective rather than defaulting to the original plan.

Taken together, these principles reflect a central intent: the work should be shaped *with* the community, not simply delivered *to* it.

Regional Market Transformation

Avista's local energy efficiency portfolio encourages customers to purchase cost-effective energy efficiency products and services through financial incentives, customer education, and efforts to address barriers to adoption. The portfolio is designed to operate on an ongoing basis, with individual programs and eligibility requirements evolving in response to changes in markets, technologies, and economic conditions. Although these efforts can create lasting changes in customer energy choices, local programs generally cannot influence markets that operate at a regional or national scale.

Market transformation uses targeted, time-limited interventions and strategically selected approaches to influence customers, trade allies, manufacturers, or a combination of these market participants. Each intervention includes an exit strategy. When successful, market transformation produces lasting changes in market conditions that favor more cost-effective energy efficiency choices well beyond the period of active intervention.

In 1997, electric utilities across the Northwest established and funded a cooperative regional market transformation initiative. By operating at sufficient scale and across a diverse service area, the initiative supports a portfolio of programs designed to deliver cost-effective electric energy efficiency resources.

The Northwest Energy Efficiency Alliance (NEEA) entered its seventh funding cycle for 2025–2029. Avista has actively participated in and funded this regional collaboration since its inception. NEEA's residential lighting initiatives and other successful market transformation efforts demonstrate the value of regional coordination, particularly for cost-effective opportunities that cannot be achieved – or are most effectively achieved – through individual utility programs. Avista remains confident in the NEEA portfolio and expects its Washington customers to continue benefiting from these efforts. Energy savings projected from NEEA programs for 2027 are presented in Tables 47 and 48 below.

TABLE 47 – NEEA 2027 EXPECTED ELECTRIC SAVINGS BY SECTOR

Savings Source	aMW @ Site	MWh @ Site	kWh @ Site
Residential	0.77	6,755	6,755,001
Commercial	0.20	1,726	1,726,164
Industrial	-	-	-
Total	**0.97**	**8,481**	**8,481,165**

TABLE 48 – NEEA 2027 EXPECTED NATURAL GAS SAVINGS BY SECTOR

Savings Source	Program Type	Therms
Efficient Rooftop Units	Program	1,500
Gas High-Performance DOAS	Program	TBD
Residential Dual-Fuel HVAC	Program	TBD
Commercial Kitchen Equipment	Codes & Standards	3,200
Residential New Construction	Codes & Standards	TBD
Commercial New Construction	Codes & Standards	2,500
Total		**7,200**

For 2027, Avista's Washington portion of the NEEA's budget is expected to be $1,539,138 for electric core savings activities and $551,691 for natural gas.

End-Use Load Flexibility Project

Leveraging NEEA's market transformation expertise, Avista joined nine other regional utilities in a special funding initiative known as the End-Use Load Flexibility (EULF) project, which ran from 2024 through 2025. This collaborative effort focused on exploring load-flex technologies, particularly targeting electric water heater loads and line voltage thermostats.

As part of the project, Avista contributed to field studies on CTA-2045 water heater modules and demand response-capable line voltage thermostats, supported the development of program metrics, and participated in regional surveys assessing grid operator priorities and current demand response operations. These activities align with Avista's commitment under the 2021 Clean Energy Implementation Plan (CEIP) to develop a pilot demand response program following the adoption of Washington's permanent standard for grid-enabled water heaters (WAC 194-24-180).

NEEA and eight utility partners, including Avista, expanded the EULF initiative through the remainder of the seventh funding cycle (2026–2029). The Load Flexibility Market Transformation Portfolio aims to deliver enhanced performance of end-use products through consistent codes and standards, reduce costs for utilities and consumers, and mitigate grid risks through flexible technologies.

Equity Considerations

The initial phase of the EULF project targeted grid enabled electric resistance and heat-pump water heaters, along with communicating line-voltage thermostats commonly used for zonal heating. These technologies are prevalent in Named Community areas, including multifamily buildings and rural regions. Insights from this project are used to inform future program design focused on these specific end-use loads. As the initiative progresses, equity considerations will continue to inform project activities. By advancing consistent codes and standards for grid-enabled water heaters and other flexible technologies, the EULF initiative aims to improve

market accessibility, increase the availability of cost-effective solutions, and help ensure that the benefits of load flexibility are available to customers across all communities, including those historically underserved by emerging energy technologies.

Avista-Specific Methodologies and Analytical Practices

Over time, Avista has evolved approaches to calculate the various metrics applied within its planning efforts to meet the needs of its portfolio and align with Washington regulations. Care has been taken to ensure these approaches are consistent with the intent of the Northwest Power and Conservation Council's (NWPCC) methodologies for the analysis of energy efficiency. Avista completes an *Annual Conservation Report* (*ACR*) in the spring of each year, based on a retrospective review of actual results from the prior year. This process includes the calculation of each of the four basic standard practice tests (summarized in Appendix B – Cost-Effectiveness Methodology). Since the Total Resource Cost (TRC) and Utility Cost Test (UCT) are the basis for optimizing the portfolio (for reasons previously explained), the explanation of Avista's methodologies, for planning purposes, focus on these two tests.

The calculation of portfolio cost-effectiveness excludes costs that are unrelated to the local energy efficiency portfolio in that particular year. Those excluded costs, termed "supplemental" in Avista's calculations, include:

- Funding associated with regional programs (i.e., Northwest Energy Efficiency Alliance (NEEA))
- The cost to perform *Conservation Potential Assessment* (*CPA*) studies
- Costs related to Evaluation, Measurement, and Verification (EM&V)

Individual measures are aggregated into programs composed of similar measures. At the program level, non-incentive portfolio costs are allocated based on direct assignment to the extent possible, and costs are allocated based on a program's share of portfolio-avoided cost-value acquisition when direct assignment is not possible. The result is a program-level TRC and UCT cost-effectiveness analysis that incorporates these allocated costs.

Since the costs and benefits associated with the adoption of a measure may accrue over time, it is necessary to establish a discount rate.[27] Future costs and benefits are discounted to the present value and compared for cost-effectiveness purposes. Generally, energy and non-energy benefits accrue (NEBs) over the measure life and costs are incurred up-front.

The calculation of the TRC test benefits, to be consistent with Northwest Power and Conservation Council (NWPCC) methodologies, includes an assessment of non-energy impacts (NEIs) (both benefits and costs) accruing to the customer. These impacts most frequently include maintenance costs, water, and sewer savings, and – in the case of the Low-Income Program – inclusion of the cost of providing base-case end-use equipment as part of a fully-funded measure as well as the value of health and human safety funding (on a dollar-for-dollar basis).

[27]Avista used a discount rate of 4.29% for commercial/industrial and residential programs.

For the purposes of calculating TRC cost-effectiveness, any funding obtained from outside of Avista's customer population (generally through tax credits or state- or federally-administered programs) is not considered to be a TRC cost. These are regarded as imported funds and, from the perspective of Avista's customer population appropriate to the TRC test, are not costs borne by Avista customers. Co-funding efficiency measures from state and federal programs for low-income programs applicable to a home that is also being treated with Avista funding is not incorporated within the program cost. This is consistent with permitting tax credits to offset customer incremental costs as described within the California Standard Practice Manual description of the TRC test.

Avista's energy efficiency portfolios are built from the bottom up, starting with the identification of prospective efficiency measures based on the most recent *CPA* and augmented with other specific opportunities as necessary. Since potential assessments are only performed every two years and the inputs are locked many months in advance of filing the *Integrated Resource Plan* (*IRP*) itself, there is considerable time for movement in these inputs and the development of other opportunities.

Evaluation, Measurement, and Verification

Within its energy efficiency portfolio, Avista incorporates EM&V activities to validate and report verified energy savings related to its energy efficiency measures and programs. EM&V protocols serve to represent the comprehensive analyses and assessments necessary to supply useful information to management and non-company parties that adequately identify the acquisition of energy efficiency attributable to Avista's conservation programs, as well as potential process enhancements necessary to improve operations both internally and for customers. EM&V includes impact evaluation and process evaluation. Taken as a whole, EM&V is analogous with other industry standard terms such as portfolio evaluation and program evaluation.

To support planning and reporting requirements, several guiding EM&V documents are maintained and published. This includes the EM&V Framework, an annual EM&V Plan, and EM&V contributions within other energy efficiency and Avista corporate publications. Program-specific EM&V plans are created, as necessary, to inform and benefit the energy efficiency activities. These documents are reviewed and updated regularly, reflecting improvements to processes and protocols.

EM&V efforts will also be applied to evaluating emerging technologies and applications being considered for inclusion in the company's energy efficiency portfolio. In the electric portfolio, Avista may spend up to 10 percent of its conservation budget on programs whose savings impact have not yet been measured if the overall portfolio of conservation passes the applicable cost-effectiveness test. These programs may include educational, behavior change, and other types of investigatory or pilot projects. Specific activities can include product and application document reviews, development of formal evaluation plans, field studies, data collection,

statistical analysis, and solicitation of user feedback.

Because of the benefits to customers and to the utility, Avista actively participates in regional energy efficiency activities. Avista has a voting role on the Regional Technical Forum (RTF), a critical advisory committee to the NWPCC. The RTF oversees standardization of energy savings and measurement processes for electric applications in the Pacific Northwest. This knowledge base provides energy efficiency data, metrics, non-energy benefits, and references suitable for inclusion in Avista's *Technical Reference Manual* (*TRM*) relating to acquisition planning and reporting. In addition, the company engages with other Northwest utilities and NEEA in various pilot projects or subcommittee evaluations. Portions of the energy efficiency savings acquired through NEEA's programs within the region are attributable to Avista's portfolio.

Avista's commitment to the critical role of EM&V is supported by the company's continued focus on the development of best practices for its processes and reporting. The International Performance Measurement and Verification Protocol serves as the basis of measurement and verification plans developed and applied to Avista programs. In addition, the compilation of EM&V protocols released under the U.S. Department of Energy's Uniform Methods Project will be considered and applied where applicable to support the consistency and credibility of reported results. Verification of a statistically significant number of projects is often extrapolated to perform impact analysis on complete programs, within reasonable standards of rigor and degree of conservatism. This process serves to ensure that Avista will manage its energy efficiency portfolio in a manner consistent with both utility and public interests. Avista issued a Request for Proposal (RFP) in Q4 of 2025 and selected Cadmus as its independent third-party evaluator for the 2026-2027 biennium.

Cost-Effectiveness Metrics, Methodology, and Objectives

Avista's planning approach aims to maximize cost-effective conservation acquired by analyzing the cost-effectiveness of each segment (residential, low-income, and commercial/industrial), as well as the ways in which measures within programs contribute to the cost-effectiveness of that segment and eventually the individual portfolios. NEIs are a common topic of discussion in many energy-evaluation circles and Avista has made effective changes to the inclusion of NEIs. The company is appreciative of the valuable work the RTF has done to quantify NEIs for the region and where values have not been identified, Avista will look to the RTF to supplement values. The company views these efforts as an iterative process and expects that more discovery will take place in the future.

As with other utilities in the region, Avista actively participates in RTF meetings and provides measure-level data back to the RTF to further refine its estimates. The company acknowledges that it has the responsibility to use the best available data no matter the source; at times, that comes from internal estimates. Avista will continue to work with members from the RTF to identify measures or technologies that may have gaps in data and provide information where needed. These efforts further refine the RTF measures and form Unit Energy Savings (UES)

values that are more specific to Avista's service territory.

The company maintains an active involvement in the regional energy efficiency community and is committed to acknowledging and addressing new energy efficiency developments as they are presented. Avista will continue to work with interested parties as conversations around cost-effectiveness arise.

Non-Energy Impacts Study and GAP Analysis

In prior years, Avista engaged with DNV (formerly DNV-GL) to develop and quantify a list of NEIs for Avista's electric and natural gas programs, along with a gap analysis of areas for future NEI development. These efforts identified several NEIs for low-income, residential, and commercial/industrial customers, including those affecting participants, society, and the utility. While basic conservation efforts consider the effect of energy efficiency measures on the utility's system by deferring capital investments, NEIs provide an opportunity to assign value to what is received by the customer, providing a link between an efficiency measure and a measurable customer benefit. As such, NEI values are included in Avista's TRC cost-effectiveness test as a benefit to the customer. Avista started using NEI values in its benefits calculations for TRC and participant cost test (PCT) cost-effectiveness tests starting with the company's 2022 *ACR*, which was filed on June 1, 2023. Avista has incorporated updated NEI values into its Technical Reference Manual (TRM) and continues to use NEI values in its cost-effectiveness calculations. NEI values are tracked on a per-measure basis and range from less than $.01 per kWh up to $.46 per kWh. Low-Income Program measures have the highest non-energy benefit value to customers because of the health and safety benefits provided to qualified customers at no cost.

Other categories of non-energy impact values that are quantified in Avista's NEI values include avoided illness from pollution; reductions in noise; increases in productivity; ease of selling or leasing a space based on improvements; avoided costs of insurance/fire damage; and NEIs related to energy burden reduction. Examples include reductions in bad debt write-offs; reductions in calls to the utility; reductions for utility carrying costs on arrearages; and thermal comfort and operations savings for customers. For each measure in Avista's portfolio, the NEI value for each identified category is aggregated and then matched against an NEI database to create an Avista-specific NEI value for that measure.

As new benefits are identified, Avista engages with its NEI study vendor to conduct gap analyses and add new NEI values to Avista's TRM. A gap analysis study was completed in 2023. Avista included these additional NEI values in its cost-effectiveness calculations as a portion of the 2023 report deliverable and will continue to do so in 2024 reporting cycles and beyond.

In 2024, Avista also concluded a study on low-global warmth potential (GWP) refrigerants. This study focused specifically on non-energy impacts of mitigating high-GWP refrigerants. Significant decarbonization NEIs are anticipated. Once this work is completed, Avista will leverage those NEIs to develop additional incentives for air conditioning and refrigeration

measures, as well as incentives for proper disposal of high-GWP refrigerant. These greenhouse gas reduction efforts are important elements of Avista's decarbonization plans.

Per *Biennial Conservation Plan* (*BCP*) Condition 11b of UE-230897, Avista has contracted with its third-party evaluator, Cadmus, to identify and/or update existing or new NEIs. New or updated NEI values will be incorporated with the measures offered in 2026-2027 biennium to be utilized in cost-effectiveness calculations. These values are currently being aggregated as part of the familiarization process with a new vendor and will be discussed further in the 2026 *ACR.*

Energy Efficiency at Power Production Facilities

As required by the company's *BCP* Conditions, Avista continues to review the feasibility of pursuing cost-effective conservation in the form of reductions in electric power consumption, resulting from increases in the efficiency of energy use at electric power production facilities it owns in whole or in part.[28] Avista meets with its generation engineering team on an annual basis to discuss potential projects that may lead to greater energy efficiency at facilities it manages or owns. While the generation team is primarily focused on providing safe and reliable power, they understand the benefit of efficiency and how those levels contribute to the regional clean energy goal. Avista will continue to work with its generation team to identify potential projects in the next biennium.

Distribution Savings

Avista's distribution system, defined as all installed and energized equipment from the substation feeder breaker down to the customer transformer, undergoes regular reconductor projects. This "reconductoring" involves replacing existing line sections with larger wire. This increases the capacity of the line segment and reduces line losses. Although the primary driver for reconductoring is area load growth, a side benefit is a reduction in line losses. The loss savings depends on the line characteristics of the new line(s) compared to the old line(s) and on the downstream loading(s).

For 2022-2025 it is estimated that 8,916 MWh was saved, or roughly 2,972 MWh per year. For 2026-2027 it is anticipated that another 2,972 MWh will be saved from additional reconductor jobs. It is anticipated these savings will continue until the conductor is replaced, often 20+ years in the future. The MWh savings generated through these reconductor jobs reduces the impact of load growth and represents a 2,972 MWh that would otherwise need to be generated to meet load growth.

In 2025-2026, Avista replaced the HVAC system at Cabinet Gorge Dam. Avista's energy efficiency team provided technical assistance to the asset management team and

[28] UE-250837 Attachment A – Condition 13a.

calculated the energy savings from various upgrade options to help inform the team's decision.

Schedules 90 and 190 – Electric and Natural Gas Conservation Programs

Avista's electric energy efficiency operations are governed by programmatic details summarized within its Schedule 90 (electric) and Schedule 190 (natural gas) tariffs. These tariffs details the eligibility and allowable funding that the company provides for energy efficiency measures and electric demand response administration and piloting. Though the tariff allows for considerable flexibility in how programs are designed and delivered – and accommodates a degree of flexibility around incentives for prescriptive programs subject to reasonable justification – there remains the occasional need to modify the tariff to meet current and future market conditions and opportunities. In 2026, Avista requested modifications to its electric Schedule 90 to make several housekeeping revisions and to incorporate verbiage that would allow administrative costs expended in support of demand response to be recovered through the electric tariff rider Schedule 91. The Commission approved these tariff changes effective August 1, 2026, and these updates will remain effective into the 2027 program year and onward.

Conclusion and Contact Information

This 2027 *Annual Conservation Plan* represents program efforts by Avista to achieve its expected eligible acquisition savings for the second year of the 2026-2027 biennium. With current captured and anticipated 2026 savings, in conjunction with 2027 planned savings, Avista is poised to achieve the local biennial conservation target. In addition, the plan is designed to identify various activities that promote and support energy efficiency for the transition to clean energy, for reduction of energy costs for customers, and deferral of investments in Avista's energy system. For additional supporting information, please see the following appendices:

- Appendix A – 2026-2027 Energy Efficiency Evaluation, Measurement, and Verification Work Plan
- Appendix B – Cost-Effectiveness Methodology
- Appendix C – Cost-Effectiveness by Program
- Appendix D – Electric Program Summary
- Appendix E – Natural Gas Program Summary

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Glossary of Terms

Active Energy Management (AEM): The implementation of continuous building monitoring to improve building performance in real time.

adder: An additional amount, typically a percentage, added to a quantification of conservation savings, risks, and/or benefits.

adjusted market baseline: Based on the RTF guidelines, represents a measurement between the energy efficient measure and the standard efficiency case that is characterized by current market practice or the minimum requirements of applicable codes or standards, whichever is more efficient. When applying an adjusted market baseline, no net-to-gross factor would be applied since the resultant unit energy savings amount would represent the applicable savings to the grid.

Advanced Metering Infrastructure (AMI): Systems that measure, collect and analyze energy usage, from advanced devices such as electricity meters, natural gas meters and/or water meters through various communication media on request or on a predetermined schedule.

advisory group: Avista's group of external interested persons and efficiency program experts who advise on the company's planned energy efficiency activities, as well as activities under consideration.

Air-Conditioning, Heating, and Refrigeration Institute (AHRI): The trade association representing manufacturers of HVAC and water heating equipment within the global industry.

aMW: The amount of energy that would be generated by one megawatt of capacity operating continuously for one full year. Equals 8,760 MWhs of energy.

American National Standards Institute (ANSI): A source for information on national, regional, and international standards and conformity assessment issues.

American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE): Devoted to the advancement of indoor-environment-control technology in the heating, ventilation, and air conditioning (HVAC) industry, ASHRAE's mission is "to advance technology to serve humanity and promote a sustainable world."

Annual Conservation Plan (ACP): An Avista-prepared resource document that outlines Avista's conservation offerings, its approach to energy efficiency, and details on verifying and reporting savings.

Annual Conservation Report (ACR): An Avista-prepared resource document that summarizes its annual energy efficiency achievements.

Annual Fuel Utilization Efficiency (AFUE): A measurement on how efficient an appliance is in converting the energy in its fuel to heat over the course of a typical year.

avoided cost: An investment guideline, describing the value of conservation and generation resource investments in terms of the cost of more expensive resources that would otherwise have to be acquired.

baseline: Conditions, including energy consumption, which would have occurred without implementation of the subject energy efficiency activity. Baseline conditions are sometimes referred to as "business-as-usual" conditions.

baseline efficiency: The energy use of the baseline equipment, process, or practice that is being

replaced by a more efficient approach to providing the same energy service. It is used to determine the energy savings obtained by the more efficient approach.

baseline period: The period of time selected as representative of facility operations before the energy efficiency activity takes place.

Biennial Conservation Plan (BCP): An Avista-prepared resource document that outlines Avista's conservation offerings, its approach to energy efficiency, and details on verifying and reporting savings for a two-year period.

Building Owners & Managers Association (BOMA): An international federation of U.S. local associations and global affiliates that represents the owners, managers, service providers, and other property professionals of all commercial building types.

Business Partner Program (BPP): An outreach effort designed to raise awareness of utility programs and services that can assist small business customers in managing their energy bills.

British Thermal Unit (Btu): The amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit (3,413 Btu are equal to one kilowatt-hour).

busbar: The physical electrical connection between the generator and transmission system. Load on the system is typically measured at busbar.

capacity: The maximum power that a machine or system can produce or carry under specified conditions. The capacity of generating equipment is generally expressed in kilowatts or megawatts. In terms of transmission lines, capacity refers to the maximum load a line is capable of carrying under specified conditions.

Clean Energy Implementation Plan (CEIP): Introduced within a subsection of the Clean Energy Transformation Act, a CEIP must describe the utility's plan for making progress toward meeting the clean energy transformation standards while it continues to pursue all cost-effective, reliable, and feasible conservation and efficiency resources.

Clean Energy Transformation Act (CETA): Signed into law in 2019, the Clean Energy Transformation Act requires electric utilities to supply their Washington customers with 100 percent renewable or non-emitting electricity with no provision for offsets. See also RCW 19.405

Community Action Agency (CAA): An agency (local nonprofit or public organization) that provides programs and services to help low-income individuals and families achieve self-sufficiency and overcome poverty.

Community Action Partnership (CAP): General term for Community Action Programs, Community Action Agencies, and Community Action Centers that provide services such as low-income weatherization through federal and state agencies and other funding sources (e.g. utility constitutions).

Community Energy Efficiency Program (CEEP): Created by the Washington State Legislature in 2009, CEEP encourages homeowners and small businesses across the state to make energy efficiency retrofits and upgrades.

conservation: According to the Northwest Power Act, any reduction in electric power consumption as a result of increases in the efficiency of energy use, production or distribution.

Conservation Potential Assessment (CPA): An analysis of the amount of conservation available in a

defined area. Provides savings amounts associated with energy efficiency measures to input into the company's Integrated Resource Planning (IRP) process.

cooling degree days: A measure of how hot the temperature was on a given day or during a period of days. Cooling degree days per day are calculated by subtracting from a fixed temperature the average temperature over the day. Historically, the fixed temperature has been set at 65 degrees Fahrenheit, the outdoor temperature above which cooling is typically needed. As an example, a day with a mean temperature of 80°F has 15 cooling degree days. If the next day has a mean temperature of 83°F, it has 18 cooling degree days.

cost-effective: According to the Northwest Power Act, a cost-effective measure or resource must be forecast to be reliable and available within the time it is needed, and to meet or reduce electrical power demand of consumers at an estimated incremental system cost no greater than that of the least-costly, similarly reliable and available alternative or combination of alternatives.

Customer Benefit Indicator (CBI): An attribute, either quantitative or qualitative, of a resource or related distribution investment associated with customer benefits.

customer/customer classes: A category, or categories, of customers defined by provisions found in tariff(s) published by the entity providing service, approved by the PUC. Examples of customer classes are residential, commercial, industrial, agricultural, local distribution company, core and non-core.

decoupling: In conventional utility regulation, utilities make money based on how much energy they sell. A utility's rates are set based largely on an estimation of costs of providing service over a certain set time period, with an allowed profit margin, divided by a forecasted amount of unit sales over the same time period. If the actual sales turn out to be as forecasted, the utility will recover all of its fixed costs and its set profit margin. If the actual sales exceed the forecast, the utility will earn extra profit.

deemed savings: Primarily referenced as unit energy savings, an estimate of an energy savings for a single unit of an installed energy efficiency measure that (a) has been developed from data sources and analytical methods that are widely considered acceptable for the measure and purpose, and (b) is applicable to the situation being evaluated.

demand: The load that is drawn from the source of supply over a specified interval of time (in kilowatts, kilovolt-amperes, or amperes). Also, the rate at which natural gas is delivered to or by a system, part of a system or piece of equipment, expressed in cubic feet, therms, Btu or multiples thereof, for a designated period of time such as during a 24-hour day.

Demand Response (DR): A voluntary and temporary change in consumers' use of electricity when the power system is stressed or when the value of reduced demand is highest.

Demand Side Management (DSM): The process of helping customers use energy more efficiently. Used interchangeably with Energy Efficiency and Conservation, although conservation technically means using less while DSM and energy efficiency means using less while still having the same useful output of function.

Direct Load Control (DLC): The means by which a utility can signal a customer's appliance to stop operations in order to reduce the demand for electricity. Such rationing generally involves a financial incentive for the affected customer.

discount rate: The rate used in a formula to convert future costs or benefits to their present value.

distribution: The transfer of electricity from the transmission network to the consumer. Distribution

systems generally include the equipment to transfer power from the substation to the customer's meter.

Distributed Generation (DG): An approach that employs a variety of small-scale technologies to both produce and store electricity close to the end users of power.

Effective Useful Life (EUL): Sometimes referred to as measure life and often used to describe persistence. EUL is an estimate of the duration of savings from a measure.

end-use: A term referring to the final use of energy; it often refers to the specific energy services (for example, space heating), or the type of energy-consuming equipment (for example, motors).

energy assistance advisory group: An ongoing energy assistance program advisory group to monitor and explore ways to improve Avista's Low-Income Rate Assistance Program (LIRAP).

Energy Efficiency Advisory Group (EEAG): A group which advises investor-owned utilities on the development of integrated resource plans and conservation programs.

energy efficiency measure: Refers to either an individual project conducted or technology implemented to reduce the consumption of energy at the same or an improved level of service. Often referred to as simply a "measure."

Energy Independence Act (EIA): Requires electric utilities serving at least 25,000 retail customers to use renewable energy and energy conservation.

Energy Use Intensity (EUI): A metric – energy per square foot per year – that expresses a building's energy use as a function of its size or other characteristics.

evaluation: The performance of a wide range of assessment studies and activities aimed at determining the effects of a program (and/or portfolio) and understanding or documenting program performance, program or program-related markets and market operations, program-induced changes in energy efficiency markets, levels of demand or energy savings, or program cost-effectiveness. Market assessment, monitoring and evaluation, and verification are aspects of evaluation.

Evaluation, Measurement, and Verification (EM&V): Catch-all term for evaluation activities at the measure, project, program and/or portfolio level; can include impact, process, market and/or planning activities. EM&V is distinguishable from Measurement and Verification (M&V) defined later.

ex-ante savings estimate: Forecasted savings value used for program planning or savings estimates for a measure; Latin for "beforehand."

ex-post evaluated estimated savings: Savings estimates reported by an independent, third-party evaluator after the energy impact evaluation has been completed. If only the term "ex-post savings" is used, it will be assumed that it is referring to the ex-post evaluation estimate, the most common usage; from Latin for "from something done afterward."

external evaluators (AKA third party evaluators): Independent professional efficiency person or entity retained to conduct EM&V activities. Consideration will be made for those who are Certified Measurement and Verification Professionals (CMVPs) through the Association of Energy Engineers (AEE) and the Efficiency Evaluation Organization (EVO).

free rider: A common term in the energy efficiency industry meaning a program participant who would have installed the efficient product or changed a behavior regardless of any program incentive or education received. Free riders can be total, partial, or deferred.

generation: The act or process of producing electricity from other forms of energy.

Green Motors Practices Group (GMPG): A nonprofit corporation governed by electric motor service center executives and advisors whose goal is the continual improvement of the electric motor repair industry.

gross savings: The change in energy consumption and/or demand that results from energy efficiency programs, codes and standards, and naturally occurring adoption which have a long-lasting savings effect, regardless of why they were enacted.

heating degree days: A measure of the amount of heat needed in a building over a fixed period of time, usually a year. Heating degree days per day are calculated by subtracting from a fixed temperature the average temperature over the day. Historically, the fixed temperature has been set at 65 degrees Fahrenheit, the outdoor temperature below which heat was typically needed. As an example, a day with an average temperature of 45 degrees Fahrenheit would have 20 heating degree days, assuming a base of 65 degrees Fahrenheit.

Heating Seasonal Performance Factor (HSPF): Defined as the ratio of heat output over the heating season to the amount of electricity used in air source or ductless heat pump equipment.

Heating, Ventilation, and Air Conditioning (HVAC): Sometimes referred to as climate control, the HVAC is particularly important in the design of medium to large industrial and office buildings where humidity and temperature must all be closely regulated whilst maintaining safe and healthy conditions within.

highly impacted community: designated by the Washington Department of Health, any census tract with an overall ranking of 9 or 10 on the Environmental Health Disparities map, or any census tract with tribal lands.

impact evaluation: Determination of the program-specific, directly or indirectly induced changes (e.g., energy and/or demand usage) attributable to an energy efficiency program.

implementer: Avista employees whose responsibilities are directly related to operations and administration of energy efficiency programs and activities, and who may have energy savings targets as part of their employee goals or incentives.

incremental cost**:** The difference between the cost of baseline equipment or services and the cost of alternative energy efficient equipment or services.

Integrated Resource Plan (IRP): An IRP is a comprehensive evaluation of future electric or natural gas resource plans. The IRP must evaluate the full range of resource alternatives to provide adequate and reliable service to a customer's needs at the lowest possible risk-adjusted system cost. These plans are filed with the state public utility commissions on a periodic basis.

Integrated Resource Plan Technical Advisory Committee (IRP TAC): Advisory committee for the IRP process that includes internal and external participants.

International Performance Measurement and Verification Protocol (IPMVP): A guidance document with a framework and definitions describing the four M&V approaches; a product of the Energy Valuation Organization (www.evo-world.org).

Investor-Owned Utility (IOU): A utility that is organized under state law as a corporation to provide

electric power service and earn a profit for its stockholders.

Kilowatt (kW): The electrical unit of power that equals 1,000 watts.

Kilowatt-hour (kWh): A basic unit of electrical energy that equals one kilowatt of power applied for one hour.

Kilo British Thermal Unit (kBtu): Btu, which stands for British thermal units, measures heat energy. Each Btu equals the amount of heat needed to raise one pound of water one degree Fahrenheit; the prefix kilo- stands for 1,000, which means that a kBtu equals 1,000 Btu.

Levelized Cost of Energy (LCOE): The present value of a resource's cost (including capital, financing, and operating costs) converted into a stream of equal annual payments. This stream of payments can be converted to a unit cost of energy by dividing them by the number of kilowatt-hours produced or saved by the resource in associated years. By levelizing costs, resources with different lifetimes and generating capabilities can be compared.

line losses: The amount of electricity lost or assumed lost when transmitting over transmission or distribution lines. This is the difference between the quantity of electricity generated and the quantity delivered at some point in the electric system.

Low-Income Home Energy Assistance Program (LIHEAP): Federal energy assistance program, available to qualifying households based on income, usually distributed by community action agencies or partnerships.

Low-Income Rate Assistance Program (LIRAP): LIRAP provides funding (collected from Avista's tariff rider) to CAP agencies for distribution to Avista customers who are least able to afford their utility bill.

market effect evaluation: An evaluation of the change in the structure or functioning of a market, or the behavior of participants in a market, that results from one or more program efforts. Typically, the resultant market or behavior change leads to an increase in the adoption of energy efficient products, services, or practices.

measure (also Energy Efficiency Measure or "EEM"): Installation of a single piece of equipment, subsystem or system, or single modification of equipment, subsystem, system, or operation at an end-use energy consumer facility, for the purpose of reducing energy and/or demand (and, hence, energy and/or demand costs) at a comparable level of service.

measure life: See Effective Useful Life (EUL).

Measurement and Verification (M&V): A subset of program impact evaluation that is associated with the documentation of energy savings at individual sites or projects, using one or more methods that can involve measurements, engineering calculations, statistical analyses, and/or computer simulation modeling. M&V approaches are defined in the International Performance Measurement and Verification Protocol (IPMVP available at www.evo-world.org).

Megawatt (MW): The electrical unit of power that equals one million watts or one thousand kilowatts.

Megawatt-hour (MWh): A basic unit of electrical energy that equals one megawatt of power applied for one hour.

Named Community: Represents areas within Avista's service territory that are considered to be a highly impacted community or vulnerable population in accordance with RCW 19.405.020.

net savings: The change in energy consumption and/or demand that is attributable to an energy efficiency program. This change in energy use and/or demand may include, implicitly or explicitly, consideration of factors such as free drivers, non-net participants (free riders), participant and non-participant spillover, and induced market effects. These factors may be considered in how a baseline is defined and/or in adjustments to gross savings values.

Non-Energy Benefit/Non-Energy Impact (NEB/NEI): The quantifiable non-energy impacts associated with program implementation or participation; also referred to as non-energy benefits (NEBs) or co-benefits. Examples of NEIs include water savings, non-energy consumables and other quantifiable effects. The value is most often positive, but may also be negative (e.g., the cost of additional maintenance associated with a sophisticated, energy efficient control system).

Northwest Energy Efficiency Alliance (NEEA): A nonprofit organization that works to accelerate energy efficiency in the Pacific Northwest through the adoption of energy efficient products, services, and practices.

Northwest Power and Conservation Council (NWPCC): An organization that develops and maintains both a regional power plan and a fish and wildlife program to balance the environment and energy needs of the Pacific Northwest.

Outside Air Temperature (OAT): Refers to the temperature of the air around an object, but unaffected by the object.

On-Bill Repayment (OBR): A financing option in which a utility or private lender supplies capital to a customer to fund energy efficiency, renewable energy, or other generation projects. It is repaid through regular payments on an existing utility bill.

portfolio: Collection of all programs conducted by an organization. In the case of Avista, portfolio includes electric and natural gas programs in all customer segments. Portfolio can also be used to refer to a collection of similar programs addressing the market. In this sense of the definition, Avista has an electric portfolio and a natural gas portfolio with programs addressing the various customer segments.

prescriptive: A prescriptive program is a standard offer for incentives for the installation of an energy efficiency measure. Prescriptive programs are generally applied when the measures are employed in relatively similar applications.

process evaluation: A systematic assessment of an energy efficiency program or program component for the purposes of documenting operations at the time of the examination, and identifying and recommending improvements to increase the program's efficiency or effectiveness for acquiring energy resources while maintaining high levels of participant satisfaction.

program: An activity, strategy or course of action undertaken by an implementer. Each program is defined by a unique combination of program strategy, market segment, marketing approach and energy efficiency measure(s) included. Examples are a program to install energy efficient lighting in commercial buildings and residential weatherization programs.

project: An activity or course of action involving one or multiple energy efficiency measures at a single facility or site.

Regional Technical Forum of the Northwest Power and Conservation Council (RTF): A technical advisory committee to the Northwest Power and Conservation Council established in 1999 to develop standards to verify and evaluate energy efficiency savings.

realization rate: Ratio of ex-ante reported savings to ex-post evaluated estimated savings. When realization rates are reported, they are labeled to indicate whether they refer to comparisons of (1) ex-ante gross reported savings to ex-post gross evaluated savings, or (2) ex-ante net reported savings to ex-post net evaluated savings.

reliability: When used in energy efficiency evaluation, the quality of a measurement process that would produce similar results on (a) repeated observations of the same condition or event, or (b) multiple observations of the same condition or event by different observers. Reliability refers to the likelihood that the observations can be replicated.

reported savings: Savings estimates reported by Avista for an annual (calendar) period. These savings will be based on best available information.

Request for Proposal (RFP): Business document that announces and provides details about a project, as well as solicits bids from potential contractors.

retrofit: To modify an existing generating plant, structure, or process. The modifications are done to improve energy efficiency, reduce environmental impacts, or to otherwise improve the facility.

rigor: The level of expected confidence and precision. The higher the level of rigor, the more confident one is that the results of the evaluation are both accurate and precise, i.e., reliable.

R-value or R-factor (resistance transfer factor): Measures how well a barrier, such as insulation, resists the conductive flow of heat.

Schedules 90 and 190: Rate schedules that show energy efficiency programs.

Schedules 91 and 191: Rate schedules that are used to fund energy efficiency programs.

sector(s): The economy is divided into four sectors for energy planning. These are the residential, commercial (e.g., retail stores, office and institutional buildings), industrial, and agriculture (e.g. dairy farms, irrigation) sectors.

Site-Specific (SS): A commercial/industrial program offering individualized calculations for incentives upon any electric or natural gas efficiency measure not incorporated into a prescriptive program.

simple payback: The time required before savings from a particular investment offset costs, calculated by investment cost divided by value of savings (in dollars). For example, an investment costing $100 and resulting in a savings of $25 each year would be said to have a simple payback of four years. Simple paybacks do not account for future cost escalation, nor other investment opportunities.

spillover: Reductions in energy consumption and/or demand caused by the presence of an energy efficiency program, beyond the program-related gross savings of the participants and without direct financial or technical assistance from the program. There can be participant and/or non-participant spillover (sometimes referred to as “free drivers”). Participant spillover is the additional energy savings that occur as a result of the program’s influence when a program participant independently installs incremental energy efficiency measures or applies energy-saving practices after having participated in the energy efficiency program. Non-participant spillover refers to energy savings that occur when a program non-participant installs energy efficiency measures or applies energy savings practices as a result of a program’s influence.

Technical Reference Manual (TRM): An Avista-prepared resource document that contains Avista’s (ex-

ante) savings estimates, assumptions, sources for those assumptions, guidelines, and relevant supporting documentation for its natural gas and electricity energy efficiency prescriptive measures. This is populated and vetted by the RTF and third-party evaluators.

Total Resource Cost (TRC): A cost-effectiveness test that assesses the impacts of a portfolio of energy efficiency initiatives regardless of who pays the costs or who receives the benefits. The test compares the present value of costs of efficiency for all members of society (including all costs to participants and program administrators) compared to the present value of all quantifiable benefits, including avoided energy supply and demand costs and non-energy impacts.

transmission: The act or process of long-distance transport of electric energy, generally accomplished by elevating the electric current to high voltages. In the Pacific Northwest, Bonneville operates a majority of the high-voltage, long-distance transmission lines.

Uniform Energy Factor (UEF): A measurement of how efficiently a water heater utilizes its fuel.

Unit Energy Savings (UES): Defines the savings value for an energy efficiency measure.

U-value or U-factor: The measure of a material's ability to conduct heat, numerically equal to 1 divided by the R-value of the material. Used to measure the rate of heat transfer in windows. The lower the U-factor, the better the window insulates.

uncertainty: The range or interval of doubt surrounding a measured or calculated value within which the true value is expected to fall within some degree of confidence.

Utility Cost Test (UCT): One of the four standard practice tests commonly used to evaluate the cost-effectiveness of DSM programs. The UCT evaluates the cost-effectiveness based upon a program's ability to minimize overall utility costs. The primary benefit is the avoided cost of energy in comparison to the incentive and non-incentive utility costs.

Variable Frequency Drive (VFD): A type of motor drive used in electro-mechanical drive systems to control AC motor speed and torque by varying motor input frequency and voltage.

verification: An assessment that the program or project has been implemented per the program design. For example, the objectives of measure installation verification are to confirm (a) the installation rate, (b) that the installation meets reasonable quality standards, and (c) that the measures are operating correctly and have the potential to generate the predicted savings. Verification activities are generally conducted during on-site surveys of a sample of projects. Project site inspections, participant phone and mail surveys, and/or implementer and consumer documentation review are typical activities associated with verification. Verification may include one-time or multiple activities over the estimated life of the measures. It may include review of commissioning or retro-commissioning documentation. Verification can also include review and confirmation of evaluation methods used, samples drawn, and calculations used to estimate program savings. Project verification may be performed by the implementation team, but program verification is a function of the third party evaluator.

vulnerable population: Communities that experience a disproportionate cumulative risk from environmental burdens.

Washington Utilities and Transportation Commission (WUTC): A three-member Commission appointed by the governor and confirmed by the state senate, whose mission is to protect the people of Washington by ensuring that investor-owned utility and transportation services are safe, available, reliable, and fairly priced.

weather normalized: This is an adjustment that is made to actual energy usage, stream-flows, etc., which would have happened if “normal” weather conditions would have taken place.

Weighted Average Cost of Capital (WACC): A calculation of a firm’s cost of capital in which each category of capital is proportionately weighted. All sources of capital, including common stock, preferred stock, bonds, and any other long-term debt, are included in a WACC calculation.

8,760: Total number of hours in a year.